CONFIDENTIAL

Release Date [redacted]

[redacted]

Combined Drilling Ventures
NE NW 28-12N-28E 862

COUNTY APACHE AREA St Johns LEASE NO. State 13-92903

WELL NAME 1 B State

LOCATION NE NW SEC 28 TWP 12N RANGE 28E FOOTAGE 2400' Fwl & 702' Fnl

ELEV 6125' GR _____ KB SPUD DATE 12/20/86 STATUS P+A COMP. DATE 2/7/87 TOTAL DEPTH 3296'

CONTRACTOR Terry Leach Moab, UT

CASING SIZE	DEPTH	CEMENT	LINER SIZE & DEPTH
7"	1100'	150 Sx	

DRILLED BY ROTARY _____

DRILLED BY CABLE TOOL _____

PRODUCTIVE RESERVOIR _____

INITIAL PRODUCTION _____

FORMATION TOPS	DEPTHS	SOURCE L.L.	SOURCE E.L.	REMARKS
Coconino SS	500'			

ELECTRIC LOGS	PERFORATED INTERVALS	PROD. INTERVALS
Dual Laterolog - MSFL - GR		
Mud Log		

SAMPLE LOG _____
SAMPLE DESCRP. _____
SAMPLE NO. 1864
CORE ANALYSIS _____
DSTs _____

REMARKS Well turned over to landowner to convert to water well - Form 24 on file

APP. TO PLUG _____
PLUGGING REP. _____
COMP. REPORT _____

WATER WELL ACCEPTED BY _____

BOND CO. Cash Bond BOND NO. Cashier's check no. 409474

BOND AMT. $ 5,000.00 CANCELLED Feb 13, 1987 DATE ORGANIZATION REPORT See File 855

FILING RECEIPT _____ LOC. PLAT X WELL BOOK X PLAT BOOK X

API NO. 02-001-20286 DATE ISSUED 12/15/86 DEDICATION N½ NW¼

PERMIT NUMBER 862

(over)

WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG

APR 16 1987

DESIGNATE TYPE OF COMPLETION:

New Well [X] Work-Over [ ] Deepen [ ] Plug Back [ ] Same Reservoir [ ] Different Reservoir [ ] Oil [ ] Gas [ ] Dry [X]

DESCRIPTION OF WELL AND LEASE

Operator: Combined Drilling Ventures, Inc.	Address: 12801 North Central Ex. Suite 1260 Dallas, TX 75243
Federal, State or Indian Lease Number or name of lessor if free lease: State of Arizona	Well Number: 1-B; Field & Reservoir: St. Johns South
Location: 2400' fwl and 717 fnl n/2 nw/4	County: Apache County, Arizona
Sec. TWP-Range or Block & Survey: SEC28-T12N-R28E	

Date spudded	Date total depth reached	Date completed, ready to produce	Elevation (DF, RKB, RT or Gr.) feet	Elevation of casing hd. flange feet
	2/6/87			

Total depth	P.B.T.D.	Single, dual or triple completion?	If this is a dual or triple completion, furnish separate report for each completion.
3296'		Dry	

Producing interval (s) for this completion	Rotary tools used (interval)	Cable tools used (interval)
none		

Was this well directionally drilled?	Was directional survey made?	Was copy of directional survey filed?	Date filed
no			

Type of electrical or other logs run (check logs filed with the commission): laterolog only to 1800' unable to log past — Date filed:

CASING RECORD

Casing (report all strings set in well — conductor, surface, intermediate, producing, etc.)

Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amt. pulled
	15 inch	10 3/4		780'	8 sacks 29 b-l/s	
	8 3/4	7"		1180'	100 Sacks light	

TUBING RECORD

Size in.	Depth set ft.	Packer set at ft.

LINER RECORD

Size in.	Top ft.	Bottom ft.	Sacks cement	Screen (ft)

PERFORATION RECORD

Number per ft.	Size & type	Depth Interval

ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD

Am't. & kind of material used	Depth Interval
6 sack grout	520' casing

INITIAL PRODUCTION

Date of first production: none — Producing method (indicate if flowing, gas lift or pumping—if pumping, show size & type of pump:)

Date of test	Hrs. tested	Choke size	Oil prod. during test bbls.	Gas prod. during test MCF	Water prod. during test bbls.	Oil gravity *API (Corr)

Tubing pressure	Casing pressure	Cal'ted rate of Production per 24 hrs.	Oil bbls.	Gas MCF	Water bbls.	Gas—oil ratio

Disposition of gas (state whether vented, used for fuel or sold):

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the landman of the Combined Drilling Ventures, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Date: 4/13/87

Signature: Chris Agee

Permit No.

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Well Completion or Recompletion Report and Well Log
File One Copy
Form No. 4

DETAIL OF FORMATIONS PENETRATED

FORMATION	TOP	BOTTOM	DESCRIPTION*
			Since this well was a Wildcat & C.D.V. was unable to get a log we are for sure that the top of the Coconino formation is 500 ft. & the rest is in estimation from our geologist. See mud log attached hereto.

* Show all important zones of porosity, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

INSTRUCTIONS:

Attach drillers log or other acceptable log of well.

This Well Completion or Recompletion report and well log shall be filed with the State of Arizona Oil & Gas Conservation Commission not later than thirty days after project completion.

Form No. 4

FEB 13 1987

O & G CONS. COMM.

TO: Oil and Gas Conservation Commission
State of Arizona

This is to advise you that I accept the abandoned wildcat well, known as the 1B State 2400' FWL, 717' FNL located on the N/2, NW/4 ¼-¼ of Section 28 Township 12N Range 28E, County of Apache. Arizona, as a water well to be used for domestic purposes.

Further, I accept full responsibility for the proper maintenance and use of the above well, including final plugging, in full compliance with the Rules and Regulations adopted by the Oil and Gas Conservation Commission.

I understand that I am responsible for compliance with the provisions of the State Water Code, Chapter 1, Title 45, Arizona Revised Statutes and with any applicable requirements of U.S. Geological Survey. THE PLATEAU

Signature PARTNERSHIP, an Arizona
Address General Partnership
By: H. J. Platt,
General Partner

P.O. Box 426
St. Johns, AZ
85936

- - - - - - - - -

State of Arizona
County of Apache

On this, the 9th day of February, 1987, before me, Beverly Ence, the undersigned officer, personally appeared H. JAY PLATT, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purpose therein contained.

In witness whereof I hereunto set my hand and official seal.

Notary Public Beverly Ence

My Commission expires My Commission Expires December 8, 1988

State of Arizona
OIL & GAS CONSERVATION COMMISSION
WATER WELL ACCEPTANCE
Form 26 - File one copy

Permit No. _____

PLUGGING RECORD

APR 3 1987

Operator: Combined Drilling Ventures	Address: 12801 N. Central Expwy, Suite 1260 Dallas, Tx.		
Federal, State, or Indian Lease Number or lessor's name if fee lease: State	Well No.: 1B	Field & Reservoir: S. St. Johns	
Location of Well: 2400' FWL & 717 FNL N/2 of NW/4	Sec-Twp-Rge or Block & Survey: 28-12N-8E	County: Apache	
Application to drill this well was filed in name of: Combined Drilling Ventures	Has this well ever produced oil or gas: NO	Character of well at completion (initial production): Oil (bbls/day)	Gas (MCF/day) / Dry?
Date plugged: 2-7-87	Total depth: 3296'	Amount well producing when plugged: Oil (bbls/day): NONE	Gas (MCF/day): NONE / Water (bbls/day): NONE

Name of each formation containing oil or gas. Indicate which formation open to wellbore at time of plugging	Fluid content of each formation	Depth interval of each formation	Size, kind & depth of plugs used. Indicate zones squeeze cemented, giving amount cement
None			

CASING RECORD

Size pipe	Put in well (ft.)	Pulled out (ft.)	Left in well (ft.)	Give depth and method of parting casing (shot, ripped, etc.)	Packers and shoes
10 3/4"	380'	NONE	380'		
7"	1180'	NONE	1180'		

Was well filled with heavy drilling mud, according to regulations? Yes

Indicate deepest formation containing fresh water. Base Coconino 1080'

NAMES AND ADDRESSES OF ADJACENT LEASE OPERATORS OR OWNERS OF THE SURFACE

Name	Address	Direction from this well:

In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.

Use reverse side for additional detail.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Drilling Engineer of the Combined Drilling Ventures (company) and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

2-13-87
Date

J R McCady
Signature

Permit No.

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Plugging Record
File One Copy

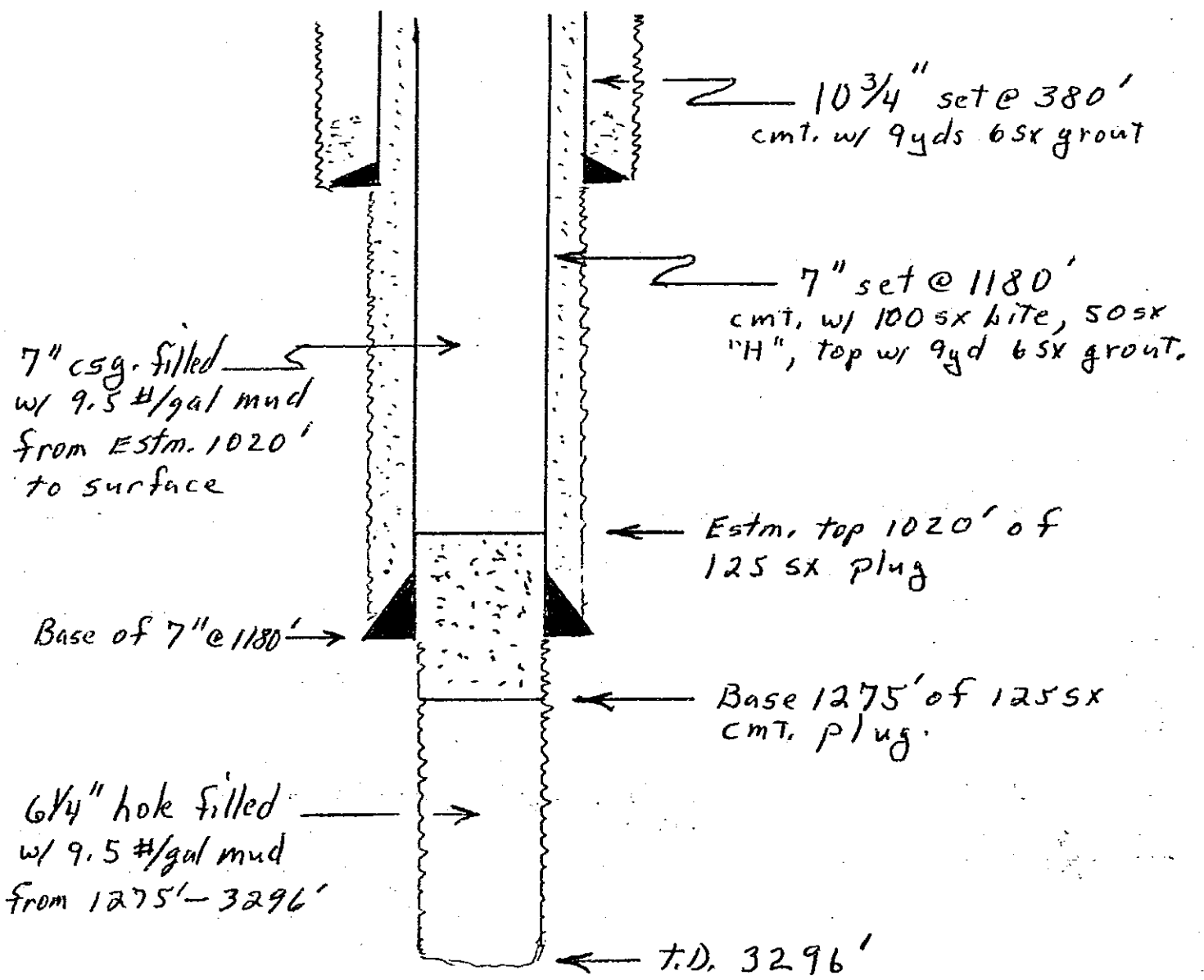
Form No. 10

4/82

Base of lowest possible fresh water 1080 feet.
7" Surface ran to 1180 feet cemented w/ 100 sx Howco Lite w/ 12% Gel, 12½ #/sx Gilsonite, ½ #/sx celoflake and 2% calcium chloride. Tailed in w/ 50 sx. Class "H" w/ 12½ #/sx Gilsonite, ½ #/sx celoflake and 2% Ca Cl. Topped out w/ 9 yd. 6 sx grout.

P & A.

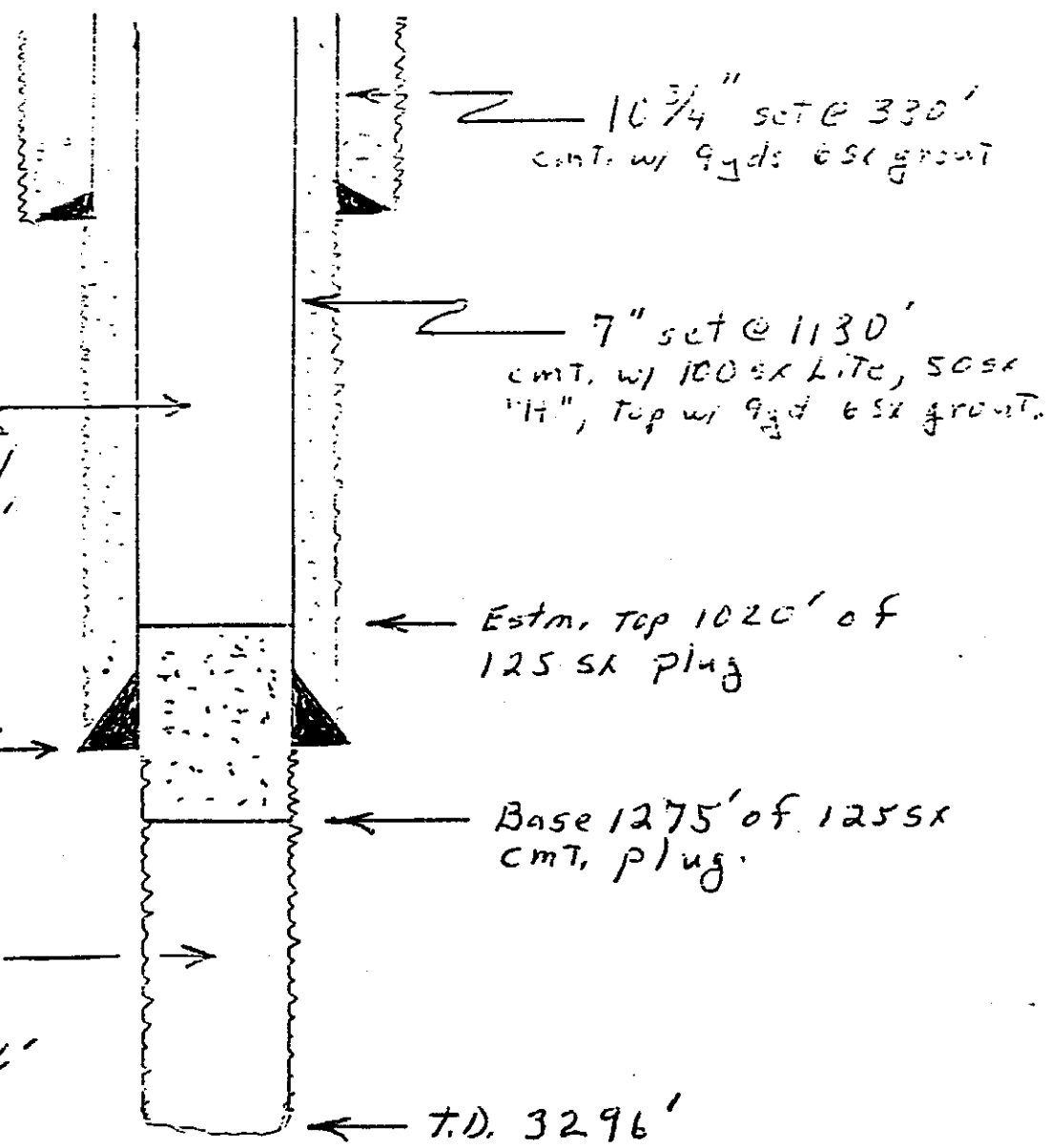
Ran 2⅞" drill pipe to 1275'; Cement w/ 125 sx. class "B" cement. Pull out of hole w/ 2⅞" drill pipe. Estimated top of cement 1020', this is 160 feet into the 7" surface pipe.



± of lowest possible fresh water 1080 feet.
7" Surface ran to 1180 feet cemented w/ 100 sx Howco Lite w/ 12% Gel, 12½ #/sx Gilsonite, ½ #/sx celoflake and 2% calcium chloride. Tailed in w/ 50 sx. Class "H" w/ 12½ #/sx Gilsonite, ½ #/sx celoflake and 2% Ca Cl. Topped out w/ 9 yd. 6 sx grout.

B P & A.

Ran 2⅞" drill pipe to 1275'; Cement w/ 125 sx. class "B" cement. Pull out of hole w/ 2⅞" drill pipe. Estimated top of cement 1020', This is 160 feet into the 7" surface pipe.



APPLICATION TO PLUG AND ABANDON

APR 3 1987

FIELD So. St. Johns Wildcat

OPERATOR Combined Drilling Ventures ADDRESS 12801 N. Cent. Expwy Dallas, Tex. 75243

Federal, State or Indian Lease Number or Lessor's Name if Fee Lease State WELL NO. 1B

LOCATION 2400' FWL & 717' FNL, N/2 of NW/4 28-12N-8E

Apache County, Arizonia

TYPE OF WELL Dry Hole (Oil, Gas or Dry Hole) TOTAL DEPTH 3296'

ALLOWABLE (If Assigned)

LAST PRODUCTION TEST OIL (Bbls.) WATER (Bbls.)

GAS (MCF) DATE OF TEST

PRODUCING HORIZON PRODUCING FROM TO

1. COMPLETE CASING RECORD.

10 3/4" set @ 380', Cmt w/ 9 yd. 6 sx grout

7" set @ 1180', Cmt w/ 100 sx Howco Lite, 50 sx "H", and top out with 9 yd 6 sx grout.

2. FULL DETAILS OF PROPOSED PLAN OF WORK.

P & A well. Run 2 3/8" drill pipe to 1275 feet. Pump 125 sx. class "B" cement. Flush to end of drill string with 9.5 #/gal mud. Estimated top of cement 1020 feet. This places cement 95 feet below 7" surface up into surface pipe 160 feet. Above and below the plug is 9.5 #/gal mud.

DATE COMMENCING OPERATIONS 2-7-87

NAME OF PERSON DOING WORK Combined Drilling Ventures ADDRESS 12801 N. Cent. Expwy Dallas, Tex.

J. R. McKelly
Signature

Drilling Engineer
Title

1601 Rustic Creek Terrace Edmond, Okla. 73013
Address

2-13-87
Date

Date Approved

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

By:

Permit No.

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Plug and Abandon
File Two Copies

Form No. 9

4/82

Form 3160-5
(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

APR 3 1987

1. OIL WELL ☐ GAS WELL ☐ OTHER

2. NAME OF OPERATOR: Combined Drilling Ventures

3. ADDRESS OF OPERATOR: 12801 N. Central Expwy. Suite 1260 Dallas, Tex. 75243

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface: 2400' FWL & 717 FNL N/2; NW/4 Sec 28, Twp 12N - RGE 8E

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.): GL. 6090

5. LEASE DESIGNATION AND SERIAL NO.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

12. COUNTY OR PARISH | 13. STATE

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
TEST WATER SHUT-OFF	☐	PULL OR ALTER CASING	☐	WATER SHUT-OFF	☐	REPAIRING WELL	☐
FRACTURE TREAT	☐	MULTIPLE COMPLETE	☐	FRACTURE TREATMENT	☐	ALTERING CASING	☐
SHOOT OR ACIDIZE	☐	ABANDON*	☒	SHOOTING OR ACIDIZING	☐	ABANDONMENT*	☒
REPAIR WELL	☐	CHANGE PLANS	☐				
(Other)				(Other)			

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

well spudded 12-22-86

1-3-87 Set 380 ft. (KB) 10 3/4", 60 #/Ft conductor. Cmt w/ 9yds 6sx. grout.

1-9-87 Set 1180 ft. (KB) 7", 20 #/Ft surface csg. Cmt w/ 100 sx Howco Lite and 50 sx. class "H". Topped out w/ 9 yd 6sx grout.

2-6-87 T.D. @ 3296 Feet.

2-7-87 P&A well. Drill pipe ran to 1275 feet. Pumped 125 sx class "B" cement. Estimate TOC 1020 feet (160' into surface pipe.

18. I hereby certify that the foregoing is true and correct

SIGNED J.R. McKedy TITLE Engineer DATE 2-13-87

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Combined Drilling #1-B State (P/N 862) Rudy Ybarra's notes

SEC 28; 12N, 28E
Orig. Loc. 2400' FWL + 990' FNL
Corrected Loc. 2400' FWL + 690' FNL
Abd. this Loc + moved to: 2400' FWL + 702' FNL

Date Surveyed _ refer to well File 855

Cash Bond, Cashiers Check #40947# to cover new location

1/21/87
Mckitty / Ybarra
T.D. (present) 2058'
- had to switch over to mud system because of water problems, at interval 1120' - 1150'
- prob. ready to log on Sat. + w/call me

1/22/87
Biggs / Brennan
T.D. 2320'
- Drlg. rate 260'/24 hr.

Basement @: 2750' as per Don

1/26/87
Mckitty / Ybarra
T.D (present) 2814'
- had loss-circ. problems over weekend
- hit hard spot @ 2750', causing severe wear on bit
- w/call me when he calls schlumberger - probably early AM tomorrow

1/28/87
Ybarra / Biggs
T.D. (present) 2952'
- pump problems
- are still in reds beds, ss called it Naco ?
- w/ decide in the morning if they will continue, otherwise will log + abandon
- hole in pretty bad shape + samples poor

2/2/87
C. Leach, Drlg Contractor for Combined Drlg Vent. reported:
T.D. 3130'
in Conglomerate (?)

TABLE OF CONTENTS

I. SUMMARY OF STATE 1B WELL PLAN AND HISTORY

The State 1B well located approximately 7 miles south and 2 miles east of St. John, Arizona, was proposed to a total depth of 3,000 feet to test possible hydrocarbon bearing zones indicated by semic, soil gas analysis and geological evaluations. Total cost of the exploratory test was projected at $135,000.00 for three exploratory wells drilled to +/- 2500 feet.

The controlling points of the well plan were the setting of 10 3/4" conductor pipe at 400 feet, drilling an 8 3/4" hole to 1200 feet and setting 7" surface casing. A 6 1/4 inch hole was planned from 1200 feet to a total depth of 3000 feet. All drilling was to be performed using air, air-mist drilling. If commercial production was encountered a 4 1/2 inch production string was planned.

II. ORIGINAL WELL PLAN OUTLINE AND AFE.

Since the STATE 1B was a wildcat exploratory well, much information needed to prepare a realistic well plan outline and AFE were not available. Using information provided by various geologists, engineers and drilling contractors familiar with the area, casing points were selected and total costs for the project were estimated. No formal breakdown of individual well costs (individual AFE) was prepared. Information provided by the various professionals proved to be misleading and in some instances false. Because of poor information, lack of control in the drilling area, and underestimated drilling costs the STATE 1B was extremely costly and difficult to drill.

1. The Drilling of STATE 1B

The CDV State 1B was spudded 12-22-86 and reached a total depth of 3296' on 2-5-87. Conductor pipe (10&3/4") was set at 380 feet and 7" surface pipe set at 1120 feet. A 6 1/4" unstabilized hole was drilled from 1120 feet to total depth at 3296 feet. Three attempts were made to run open hole logs resulting in a Dual Induction Laterolog from 1810 feet to 1120 feet (surface pipe) and a Gamma Ray log from 1810 feet to surface. Many problems were encountered during drilling of the wildcat well which led to excessive cost overruns.

2. Weather

Average climate conditions for Apache County Arizona, December through January, are highs 41-43 degrees F, lows 18-21 degrees F and precipitation 0.3 to 0.4 inches. During the drilling of the STATE 1B Apache County recorded it's coldest and wettest weather in forty years. Temperatures dropped to as low as -21

degrees F below zero and snow storms were frequent and long lasting.

3. Lost Circulation

From surface to 496 feet several lost circulation zones were encountered. Several of the zones from surface to 96 feet were fractured sections or caverns connected to the blow holes in the immediate area. From 96 feet to 496 feet most lost circulation zones resulted from very porous water sands that were highly permeable and unconsolidated. From 496 feet to 1320 feet major washout- lost circulation zones occurred from 1188 feet to 1320 feet. For this reason any future project should set surface pipe below 1330 feet. Also, it is highly unlikely cement can ever be circulated to surface.

4. Air Mist - Mud Drilling

Conventional Air-Mist drilling was used to drill an 8 3/4" pilot hole from surface to 496 feet. Air-mist was again used in conjunction with a 15" hole opener to enlarge the hole from surface to 420 feet. The use of air mist proved to be very slow and expensive. Because of the many fractures and caverns encountered much of the drilling was performed blind. Up to 4 gallons per hour of drilling soap were required in order to keep the drill string from sticking.

From 380 feet (base of 10 3/4" conductor) to 1120 feet air-mist drilling is impractical. The Coconina water sand was encountered at approximately 500 feet which is a prolific water aquifier and cannot be drilled by conventional air-mist.

From 1120 feet to 3296 feet several other unique problems were encountered. At 1125 feet, directly below surface pipe, large amounts of water along with porous zones made air-mist drilling impractical. Poor returns and poor samples caused air-mist operations to be halted and the hole converted over to fresh water gel. Fresh water gel was selected because of its compatibility with conventional open hole logs and lower price. It was felt any future salt water zones encountered could be held in check through mud weight. At 1800 feet a highly water soluble salt-shale interval was drilled that exposed to fresh water gel (filtrate water) dissolved and contaminated the mud system. Since $2,000.00 + in hauling charges had been experienced two days earlier to haul the fresh water gel to location and the salt-shale section was expected to be only a few feet thick, it was decided to continue to drill using fresh water and fresh water gel slugs.

This created a major problem when the salt-shale section extended from 1800 feet to past 2700 feet. Samples of cuttings became poor at best and constant sticking of the drill string was common place. In retrospect, the failure to convert to salt gel once salinities rose above 30,000 ppm was a major mistake.

5. Mud Pump and Mud System

The mud pump (16 * 7 Garder-Denver) and the earth pit mud system were a major factor in cost overruns. The mud pump fluid end was in very poor condition frequently breaking down and when working providing very poor efficiency. In almost all instances, barely enough circulation to clean the hole was maintained if the mud hopper was used to mix mud. This situation was helped somewhat at the end of the hole by the use of a premix pit with a centrifugal pump. The earth pits were dug out of shelf rock which had many cracks and crevices that no doubt lead down and connected to subsurface caverns. This created lost circulation not downhole, but at the surface.

Once the system was converted over to salt gel, the earth pits created another problem. A salt gel system must continually be stirred and agitated in order to work properly. It was almost impossible to stir and agitate the system; this result in very poor yielding and loss of efficiency.

6. Drill String Design

The 2 7/8 inch drill pipe used was adequate while drilling with air-mist but impractical for mud drilling. While the mud pump was able to provide volume, it was unable to attain high enough pressures to overcome the extremely high frictional pressure loss created by the small inside diameter of the 2 7/8 inch drill pipe. Calculations show over 85% of the hydraulics generated by the pump was lost in friction pressure drop through piping. This situation is reverse hydraulics. High annular velocities around the drill collars with almost all hydraulic horsepower lost before it gets to the bit resulted in large washed out sections due to turbulent flow around the drill collars (in excess of 300 FPM), bit balling and poor penetration rates. Drill collar weight was another critical item. As a general rule of thumb only 50% of total drill collar weight is to be used if a hole is to be kept straight and the drill collars in good condition. The 10,000 lbs. of drill collar weight would have been sufficient to drill with air-mist but not for mud drilling. Also, as a generally accepted rule of thumb weight run on a bit is normally

calculated at 2,000 lbs. per inch of diameter. Running a 6 1/4" diameter bit our maximum weight on the bit should not exceed 12,500 lbs. Since 17,000 - 19,000 lbs. weight was required in order to advance penetration rates to tolerable levels a larger diameter bit, stabilization and more total drill collar weight should have been used.

7. Drill Bits

Several of the 6 1/4 inch rerun bits used performed very poorly. These bits were selected for air drilling and would have worked fine for that purpose. However, after running the last of these bits in a mud environment, it was discovered a hole had been drilled in each bearing to inhance cooling. This works fine in an air system, but caused premature bearing failure in a mud system.

Bit selection was very speculative due to the wildcat nature of the well. Bit performance and cuttings now provide adequate information to determine: mill tooth bits may be used from surface to 500 feet; from 500 feet to 2750 feet, 1 or 2 type button bits may be used. Hardness tests and analysis of cuttings should provide answers to determine bit selection below 2750 feet. In absence of tests and analyses it is felt a bit of type 7 or harder along with shock protection for the drill string will be needed.

8. Location

Initial preparation of the drill site was inadequate due to an inexperienced local contractor. The local contractor was recalled and attempted to resolve the situation, but was unable to perform due to lack of knowledge. The careful selection of an oilfield dirt contractor, which may be difficult to find nearby, should be of upmost importance in the successful start of a future well.

9. Communication

Communication problems developed during the drilling of the State 1B between the contractor, CDV and the drilling engineer. Although resolved, these circumstances could have disrupted or hampered the drilling operations.

A. Drilling Contract

A good, drilling contract should be reviewed between the contractor, drilling engineer, and CDV on the future wells prior to the spud date, with

each of the parties duties and obligations detailed.

10. Water Hauling

The use of the 80 bbl. water truck for hauling water from the river 1 1/2 miles away was originally intended only to haul water needed for the mist pump while air drilling. Once air-mist drilling became impractical, a water line and pump should have been installed to cut down on this expense. However, on future wells, by utilizing the proper mud system and water from the well created by the drilling of the State #1-B, the water expense will be nil.

11. Establishment of Credit - Discounts

Since three major companies (Haliburton, Baroid, and Schlumberger) were used on the well, the establishment of credit could have resulted in substantial discount savings. The services provided by Haliburton and Baroid would have been subject to a 20% discount if credit had been established prior to the spud date. This represents a large savings that should be taken advantage of in the future.

12. Mud Logging - Trailer

A mud logging trailer was not used at this time, and the geologist and drilling engineer had no place to wash, clean and evaluate samples or lay down during long hours when 24 hour supervision was required. The use of a mud logging trailer will be a valuable asset on any future well.

III. SELECTION OF CONTRACTORS AND EQUIPMENT

The location of the well is 216 miles from the closest oil field service point, Farmington, New Mexico. All services provided from this point were found to be quite expensive. In many instances the remoteness of available products and services resulted in excessive downtime.

The drilling contractor selected was placed in a very difficult and comprising position. The contractor was using a contracted rig that although adequate to drill a 3,000 foot air-mist hole, was poorly equipped and not set up for mud drilling. Because of the economics of the drilling contract the contractor ran two crews of 4 men working 12 hour shifts. Due to the extreme length of time required to drill the well this resulted in excessive overwork, which did not ,but could have resulted in major problems. The toolpusher and crews should be commended for doing an outstanding job under very difficult circumstances.

However, these circumstances should be prevented in future operations.

Local contractors and suppliers were terrible at best. Only one contractor (fuel supplier) made any effort to work with anyone associated with the well. In any future operations every effort should be made to limit the use of local contractors. Their work was found to be of poor quality and vastly overpriced.

IV. RECOMMENDATIONS TO REDUCE PROBLEMS OF FUTURE WELLS

Have a drilling engineer prepare a well plan and outline. Flag all critical points such as lost circulation zones, ect. A good well plan outline should contain depths, formation tops and type, drilling problems, type of formation evaluation, hole size, casing (size & depth), fracture gradients, formation pressure gradient, and mud (both type and weight). Prepare a depth vs. days graph. Based on the depth vs. days graph and the well plan-outline, prepare an AFE.

Prepare a drilling contract using the standard IADC form. List all equipment required to drill the proposed well. The only blanks should be the daywork, standby and move in charges. This contract should be used for all drilling contracts as the form to bid from. Attached to all drilling contracts should be a copy of the proposed well plan outline.

Once a drilling contractor has been selected, hold a prespud meeting between CDV representatives, drilling contractor, drilling engineer, geologist, mud logger, and mud engineer. Discuss the drilling of the State 1B, special problems, proposed well plan and ask everyone involved for comments and suggestions. Also helpful if known in advance are service contractors (i.e. cementing and logging). During the spud meeting discuss areas of responsibility and establish a good communications network. A list should be prepared containing everyone's address and phone numbers, both work and home.

By preparing a good solid well plan and outline, a well thought out AFE, selecting a drilling contractor with equipment needed to perform the task, and holding an open and informative pre spud meeting any future wells drilled in the very difficult area will have a much better chance of attaining their goals.

V. PROPOSED WELL PLAN FOR FUTURE ACTIVITY

1. Conductor - 13 3/8" Casing Point - 480'

Drill a 15" hole to 480 feet. Use fresh water with occasional gel slugs. Much of this drilling will be performed blind. Use 2-9 inch drill collars to help keep hole straight in conjunction with regular collar string. A milltooth (medium tooth) properly jetted will provide fastest penetration. Cement with 100sx class "H" or "B" with 2% calcium chloride. Use a guide shoe, float collar and 3 centralizers at 40' intervals. Wait on cement 8 hours before drilling out.

2. Surface - 8 5/8" Casing Point - 1380'

Drill a 12 1/4" hole to 1380'. Use fresh water to drill cement in shoe joint. Once all cement has been drilled, discard cement contaminated water and mud system up using fresh water gel. Use 2-9 inch drill collars in conjunction with a minimum of 40,000 lbs. standard collar weight to maintain hole angle under 2 degrees. A high speed (RPM), long button bit such as Reed Tool Company HP-51 will provide maximum penetration. This type button bit, properly jetted, is designed to produce penetration rates comparable to milltooth bits but should last five times longer than a non seal bearing bit. If a long tooth button bit is unavailable, a sealed bearing milltooth (medium) should be used.

Set 8 5/8 inch casing at approximately 1380 feet and cement with a combination of lite cement with LCM and tail in with 100sx class "H" or "B" cement. Due to the high porosity and permeability of many of the water sands drilled in this interval, it is unlikely cement can be circulated to the surface on the first attempt. If cement is not circulated, a temperature survey should be run and the results discussed with the Arizona Corporation Commission representative. Future cementing instructions will result from this discussion.

3. Production String 4 1/2" - 5 1/2" Casing Point-4000'

Drill out casing shoe using fresh water. Discard cement contaminated fluid and replace with fresh water. Saturate system with salt and convert system over to Salt Gel. This is extremely critical since much of the remaining hole to be drilled contains laminated salt sections that dissolve and wash out in a fresh water system.

From 1380' to approximately 2750' a long button, high RPM bit should be used (i.e. RTC-HPSI). From 2750' to 3280' a 5 series button may be required. From 3280' on a 7 series or harder button bit will be needed until softer formations are drilled.

If oil production is present run 5 1/2" casing to total depth. If gas production is present run 4 1/2" casing.

All hole drilled in this interval should be 7 7/8" incorporating either a packed hole assembly or pendulum effect.

VI. CEMENTING PROGRAM

1. Conductor 13 3/8" - 15" hole
Cement with 100sx class "H" or "B" cement containing 1/2 #/sx celoflake and 2% calcium chloride. Use a guide shoe, float collar and 3 centralizers at 40' intervals. The float collar and guide shoe should be thread locked. Wait 8 hours before drilling out.

2. Surface 8 5/8" - 12 1/4 hole
Bottom Stage Lead - Lite, 10 #/sx Gilsonite
2% CaCl
Sacks - 250
Yield - 1.99 cu. ft./sx
Weight - 12.4 PPG
Water - 9.9 gal/sx
Tail - Class "H", 2% CaCl, 1/2 #/sx Celoflake
Sacks - 100
Yield - 1.18 Cu. Ft/sx
Weight - 15.6 #/gal.
Compressive - 1200 psi in 8 hrs.
Strength

Run a float collar, float shoe and 10 centralizers spaced out evenly. Thread lock float collar and float shoe. Wait 8 hours before drilling out.
**If cement does not circulate to the surface, run temperature survey in 12 hours and discuss results with Arizona Corp. Comm. for instructions.

3. Production - 4 1/2" or 5 1/2" - 7 7/8" hole
Cement with Class "H", 10% Salt, 0.6% Halad 322A, and 1/4 #/sx celoflake.
Sacks - 125
Yield - 1.31 cu. ft./sx
Weight - 15.2 #/gal
Compressive - 4980 psi in 8 hours
Strength

Run a float collar and float shoe. Thread lock both collar and shoe. Run 10 centralizers spaced one each collar until all are used. Run 1000 gallons of mud flush ahead of cement slurry. Rotate pipe until just prior to bumping plug. During displacement once first pressure is noted (fresh water displacement catches cement) pump rate is to be slowed to 1 1/2 - 1 3/4 BPM in order to lift cement in plug flow. Once plug has bumped release pressure. If the floats hold

set casing slips in surface head. Wait a minimum of 72 hours before running bond log.

VII. FORMATION EVALUATION

DEPTH	HOLE SIZE
surface - 480'	15"

Single shots, Totco 7 degree instrument
(100' intervals)

480' - 1380' — 12 1/4"
Single shots, Totco 7 degree instrument
(200' intervals)
Mud logger and geologist on hole
Logs only as directed by geologist

1380' - 4000' — 7 7/8"
Single shots, Totco 7 degree instrument
(250 - 400' intervals)
Logs- Dual Induction Laterolog, GR, Cal. Sonic, GR, Cal
*Sonic may or may not be Integrated.

VIII. MUD PROGRAM

Depth Interval 0' - 480'

Mud Type: Clear water with gel slugs

Depth Interval 480' - 1380'

Mud Type: Low Solids Now-Dispersed
Additives: Zeogel, Impermet, Salt, Aldacide
Mud Weight: 10.0 - 10.4 PPG
Viscosity: 40-45 sec/qt.
Fluid Loss: 10 - 12 c.c.

* Raise viscosity to 80 - 100 sec/qt. 12 hours prior to logging. Make sure new materials have 2 complete circulations before stopping circulation.

IX. BOTTOM HOLE ASSEMBLY PROGRAM

15" Hole

Packed Hole	Pendulum
	Bit
N/A	2 - 9" D.C.
	18 - 6 1/2 D.C.

12 1/4" Hole

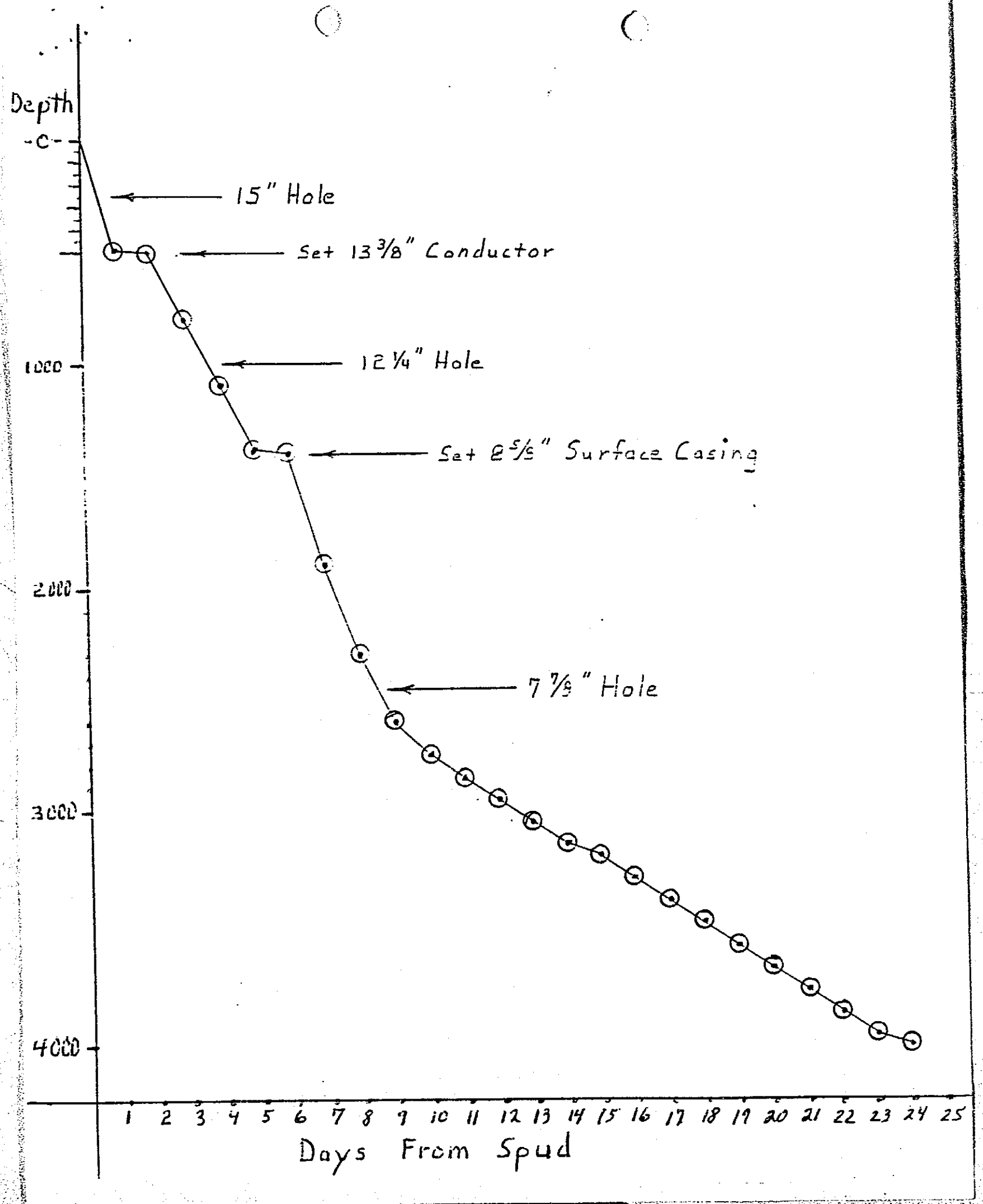
	Bit
N/A	2 - 9" D.C.

1 - stabilizer

7 7/8" Hole

Bit
3 point near bit reamer
1 - short (10') 6 1/2" d.c.
Stabilizer
1 - 6 1/2" D.C.
Stabilizer
18 - 6 1/2" D.C.

Bit
4 - 6 1/2" D.C.
Stabilizer
14 - 6 1/2" D.C.


Depth
-0-
1000
2000
3000
4000
15" Hole
Set 13 3/8" Conductor
12 1/4" Hole
Set 8 5/8" Surface Casing
7 7/8" Hole
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
Days From Spud

STATE OF ARIZONA

OIL AND GAS CONSERVATION COMMISSION

PERMIT 862

REPORT ON PROPOSED OPERATIONS

Combined Drilling Ventures, Inc.
P. O. Box 515263
Dallas, TX 75251-5263

Phoenix, ARIZONA
December 15, 1986

Your proposal to drill well No. 1-B State,
A.P.I. No. 02-001-20286, Section 28, T. 12N, R. 28E, G&SR B. & M.,
– field, St. Johns area, – pool,
Apache County, dated 12/15/86, received 12/15/86 has been examined in conjunction with records filed in this office. THE PROPOSAL IS APPROVED PROVIDED:

1. Drilling mud consistent with sound drilling practices shall be used at all times. Quantities of drilling mud materials sufficient to insure well control shall be maintained readily accessible for immediate use at all times.
2. The well is cased and cemented in such a manner as to protect all zones that contain oil, gas, or fresh water, and to provide well control during drilling operations.
3. Blowout prevention equipment shall be installed, used, maintained, and tested in a manner necessary to assure well control throughout the drilling, completion or abandonment of the well.
4. Samples of all cores and cuttings, taken at maximum intervals of ten feet, shall be shipped or mailed, charges prepaid to:
   a. Oil & Gas Conservation Commission, Phoenix, office.
   b. Bureau of Geology & Mineral Technology, University of Arizona, 845 N. Park, Tucson, AZ 85719.
5. The status of completed drilling operations (Form 25) shall be completed and filed with the Commission on a timely basis.
6. THIS COMMISSION SHALL BE NOTIFIED:
   a. Immediately when drilling operations commence.
   b. To witness the running and cementing of the 7" casing.
   c. To inspect the installed blowout prevention equipment prior to drilling below the shoe of the 7" casing at 900'.
7. Personnel to call to witness above operations:
   R. A. Ybarra (602) 827-1657
   D. J. Brennan (602) 249-3178

BOND Cash Bond, $5,000
Cashier's Check #409474

D. J. BRENNAN, Executive Director

By R. A. Ybarra
Enforcement Director

A copy of this report and the proposal must be posted at the well site prior to commencing operations.

Records for work done under this permit are due within 30 days after the work has been completed or the operations have been suspended.

PERMIT TO DRILL

This constitutes the permission and authority from the

OIL AND GAS CONSERVATION COMMISSION,
STATE OF ARIZONA,

To: COMBINED DRILLING VENTURES, INC.
(OPERATOR)

to drill a well to be known as

1B STATE
(WELL NAME)

located 2400' FWL & 717' FNL

Section 28 Township 12N Range 28E, APACHE County, Arizona.

The N½ NW¼ of said

Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 15 day of December, 1986.

OIL AND GAS CONSERVATION COMMISSION

By [signature]
EXECUTIVE DIRECTOR

PERMIT 02862

RECEIPT NO.

A.P.I. NO. 02-001-20266

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill
FORM NO. 27

API NO. 02-001-20286

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☒ RE-ENTER OLD WELL ☐

Combined Drilling Ventures, Inc.
NAME OF COMPANY OR OPERATOR

Address	City	State
P. O. Box 515263	Dallas	TX 75251-5263

Cary Leach
Drilling Contractor

P. O. Box 757, Moab, UT 84532
Address

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor	Well number	Elevation (ground)
State 13-92903	1B	6125'

Nearest distance from proposed location to property or lease line:	Distance from proposed location to nearest drilling, completed or applied—for well on the same lease:
2400' FWL & 717' FNL feet	None feet
Number of acres in lease: 640	Number of wells on lease, including this well, completed in or drilling to this reservoir: three (3)

If lease, purchased with one or more wells drilled, from whom purchased: Name N/A Address

Well location (give footage from section lines)	Section—township—range or block and survey	Dedication (Comply with Rule 105)
	Sec. 28, T12N R28E	$N\frac{1}{2}$ $NW\frac{1}{4}$

Field and reservoir (if wildcat, so state)	County
Wildcat	Apache

Distance in miles, and direction from nearest town or post office
5½ miles south of St. Johns, Arizona

Proposed depth:	Rotary or cable tools	Approx. date work will start
3,000'	Rotary	Dec. 18, 1986
Bond Status Cash. Ck. on file Amount $5,000.00	Organization Report On file X Or attached	Filing Fee of $25.00 Attached X

Remarks:

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Landman of the Combined Drilling Ventures, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature: Alan Christian (Chris) Agee

Date: 12/15/86

Permit Number: 862
Approval Date: 12/15/86
Approved By: [signature]

Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Drill or Re-enter
File Two Copies

Form No. 3

(Complete Reverse Side)

1. Operator shall outline the dedicated acreage for *both* oil and gas wells on the plat.

2. A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.

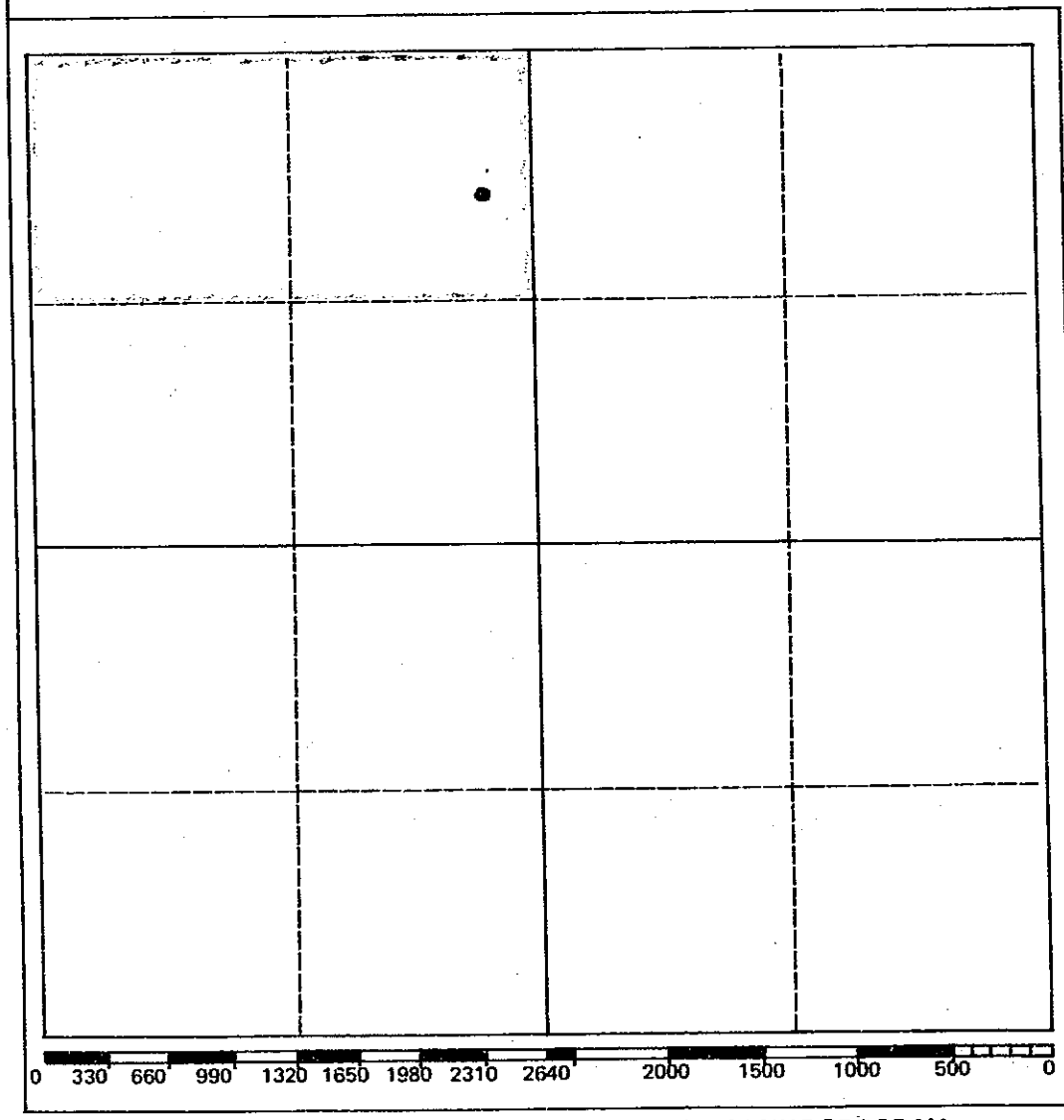
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.

4. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES__X__NO_____.

5. If the answer to question four is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES_____NO_____. If answer is "yes," Type of Consolidation_____

6. If the answer to question four is "no," list all the owners and their respective interests below:

Owner	Land Description



CERTIFICATION

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

C. Agee

Name: Landman

Position: Combined Drilling Ventures, Inc

Company:

Date: 12/15/84

I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

4-4-86

Date Surveyed: See File #855

Registered Professional Engineer and/or Land Surveyor:

Certificate No.:

PROPOSED CASING PROGRAM

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
10 3/4"	40.5	J-55	surface	30'	TD to surface	10 sx.	A
7"	23.0	J-55	surface	900'	circulate	325 sx.	B
4 1/2"	9.5	J-55	surface	TD	TD to 700'	170 sx.	B

862

COPY

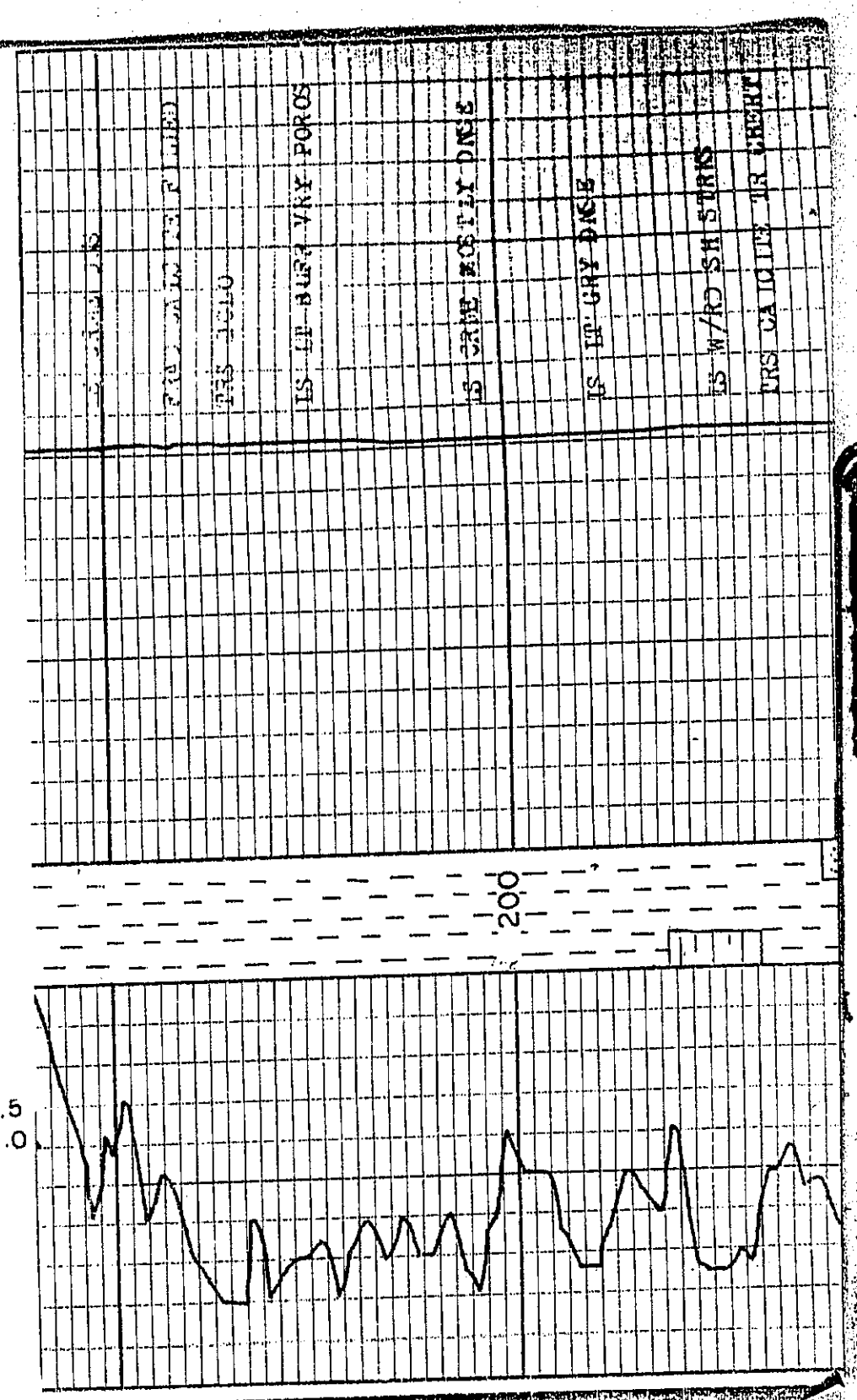
COMBINED DRLG. VENTURES

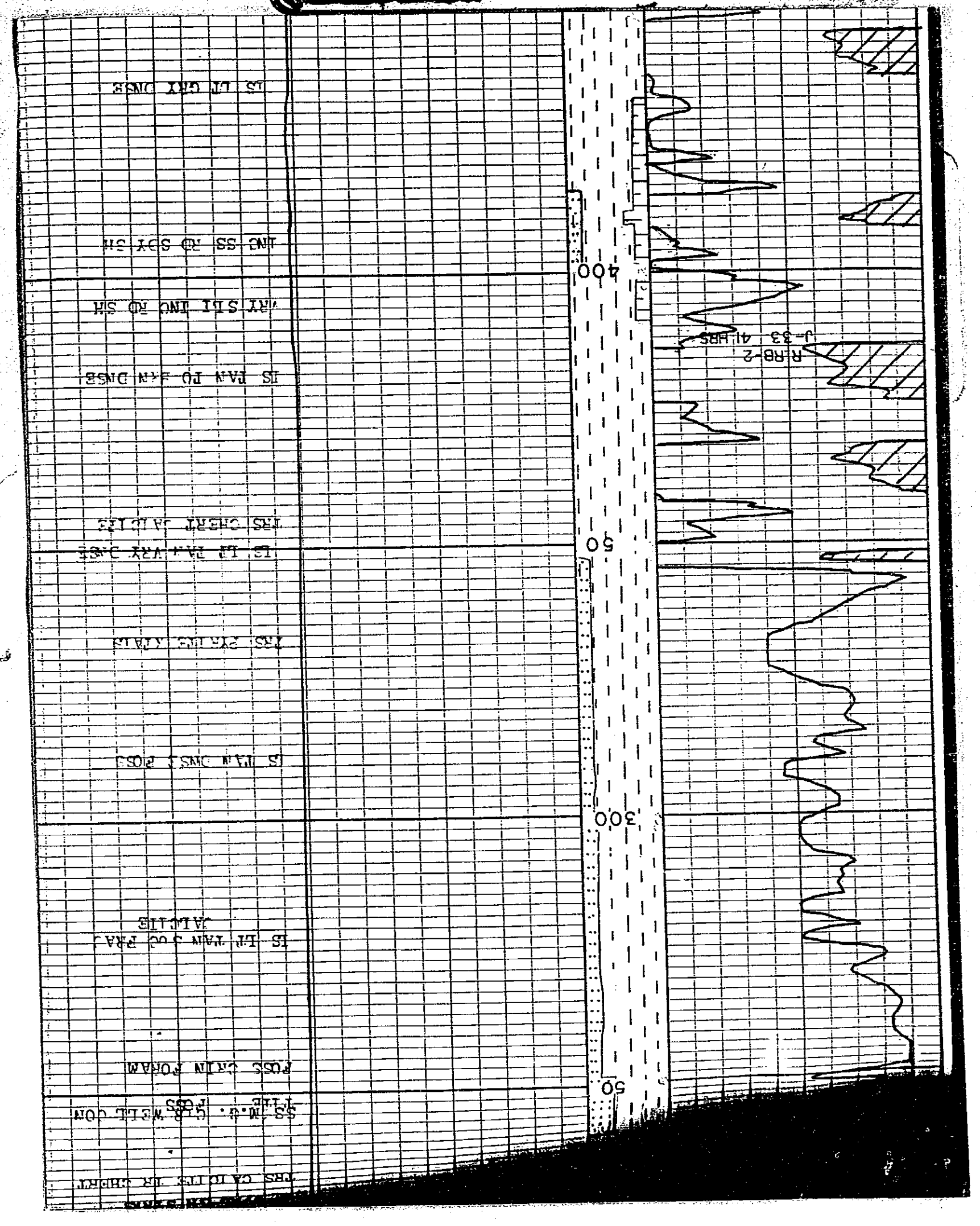
NO 1 STATE
WC
APACHE ARIZONA

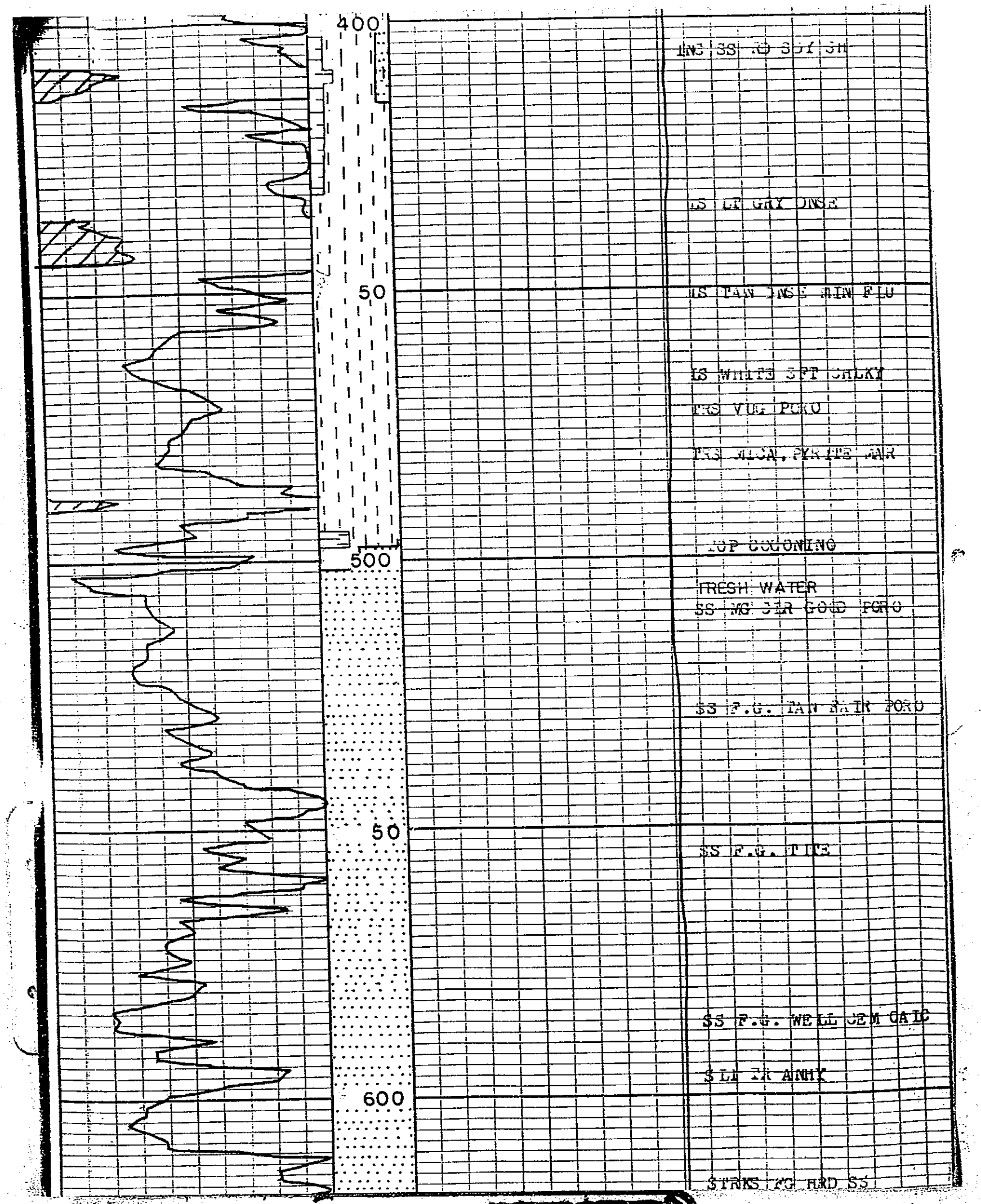
470'-10 3/4"
1160'-7"
6 1/4

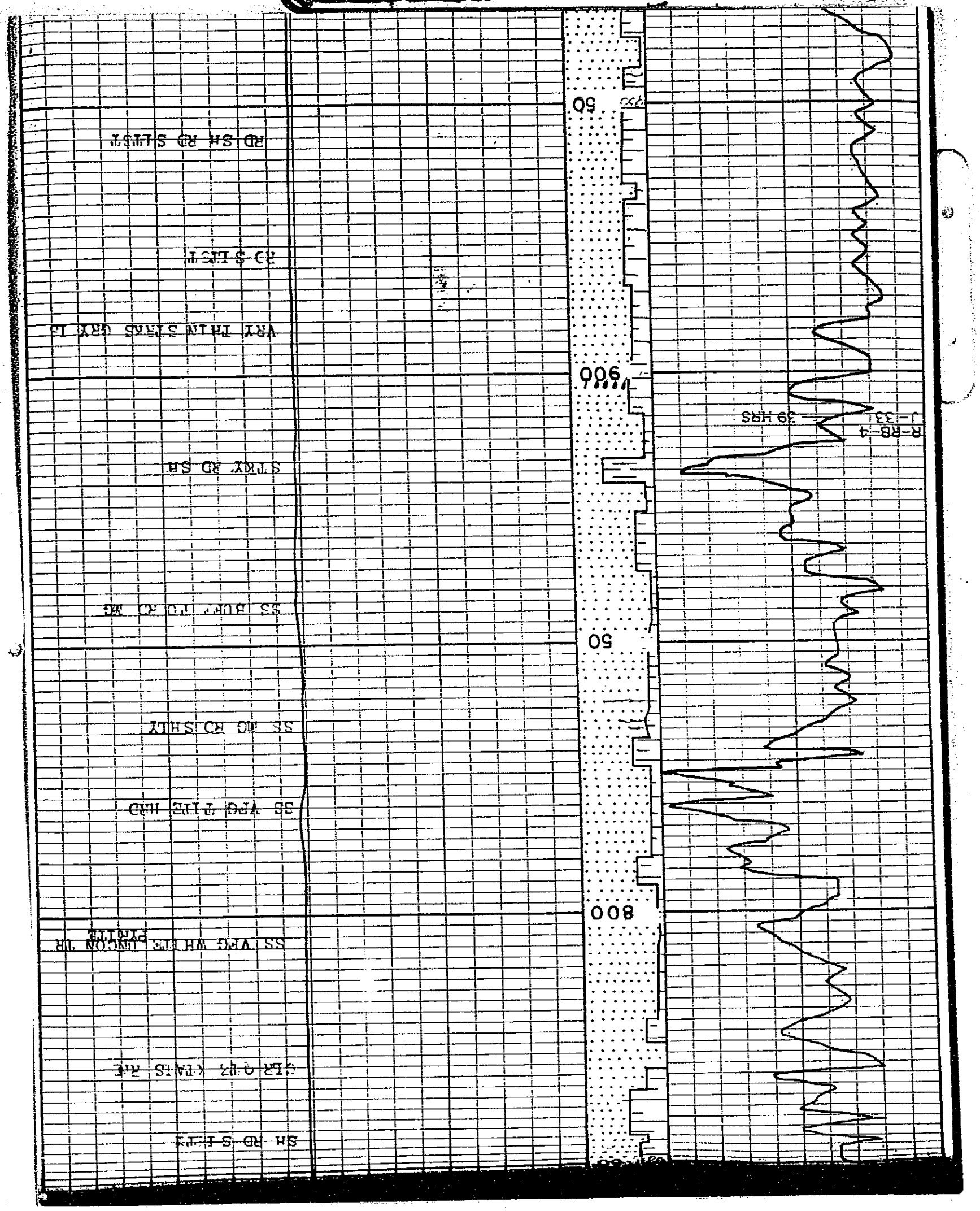
150' — 3296
3146

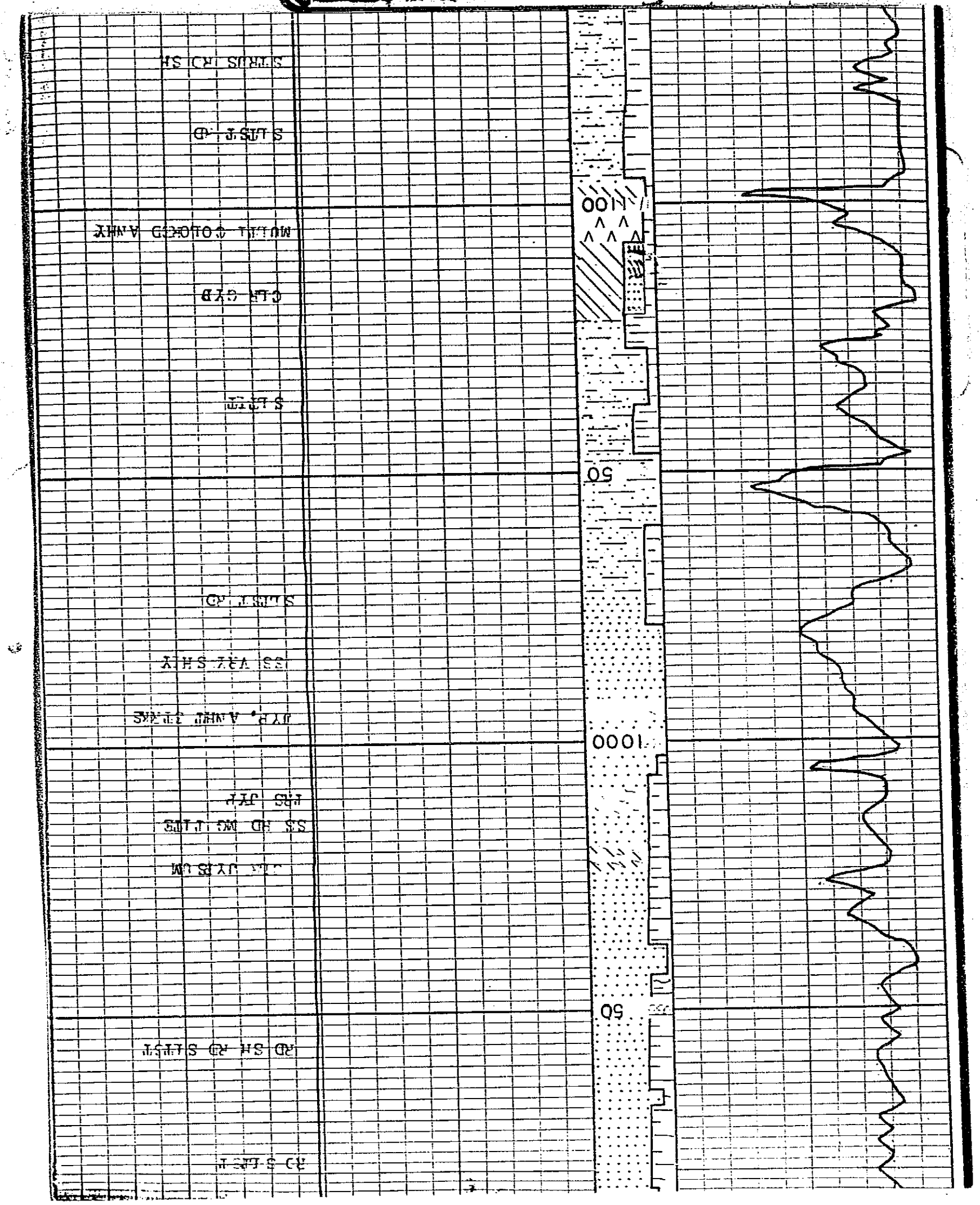
13
0

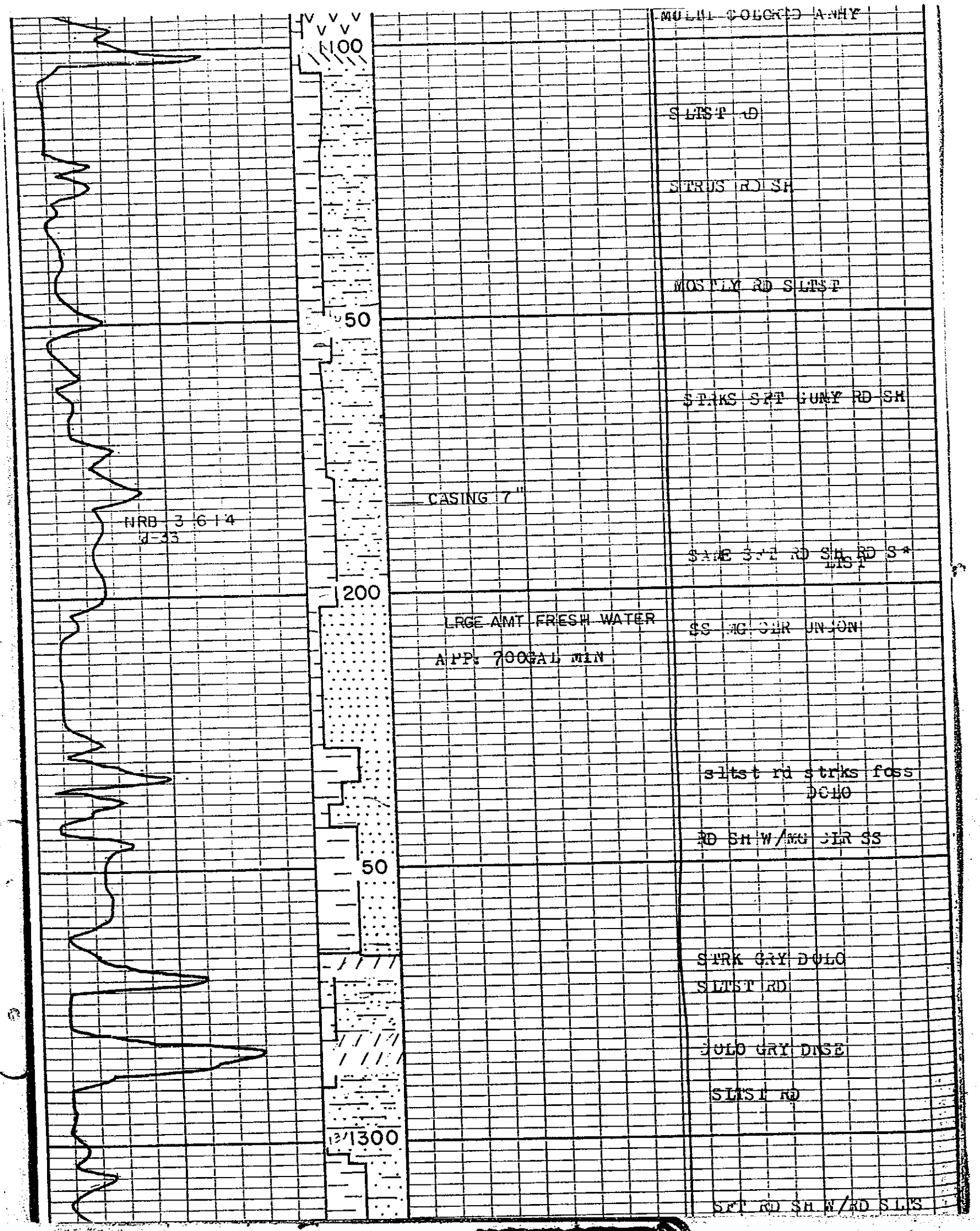


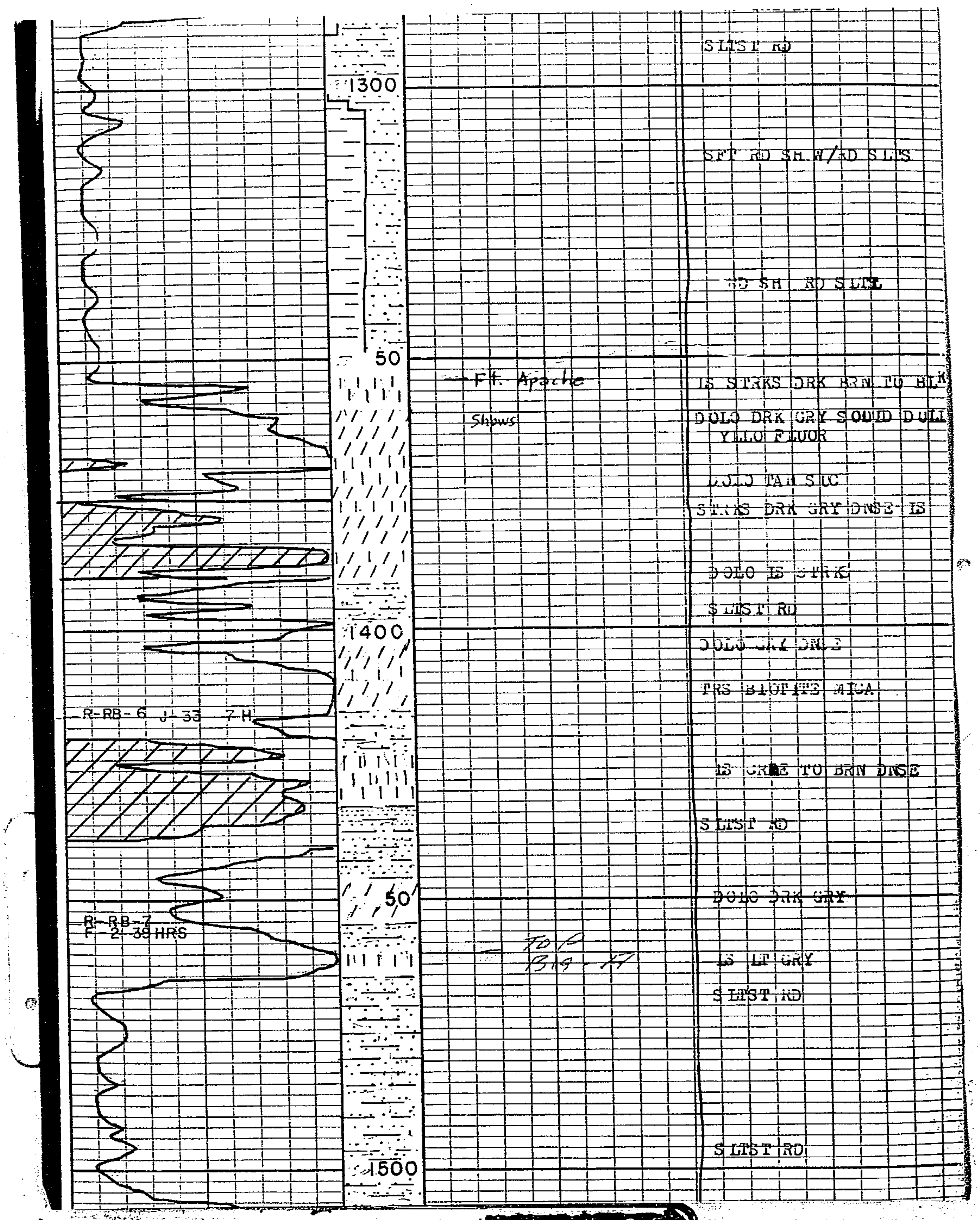

400
50
300
50
R.RB-2
J-33 41 HRS

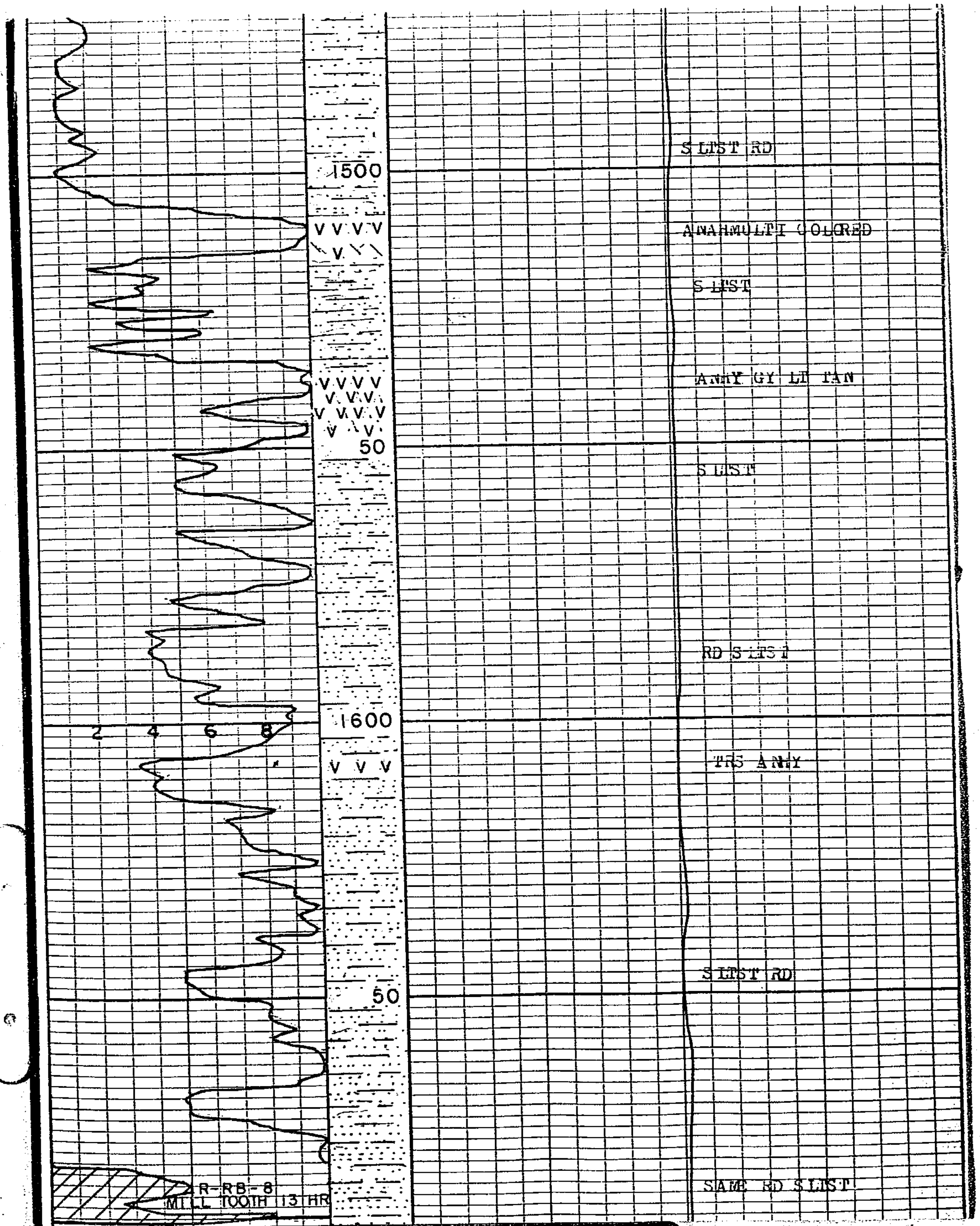

400
50
500
50
600
INC SS TO SOFT SH
LS LT GRY DNSE
LS TAN DNSE MIN FLU
LS WHITE SFT CHLKY
TRS VUG PORO
TRS CALCA, PYRITE MAR
TOP COCONINO
FRESH WATER
SS MG SFR GOOD PORO
SS F.G. TAN SAL PORO
SS F.G. TITE
SS F.G. WELL CEM CALC
SLI ZR ANHY
STRKS FG HRD SS


50
900
R-RB-4
J-33
39 HRS
50
800

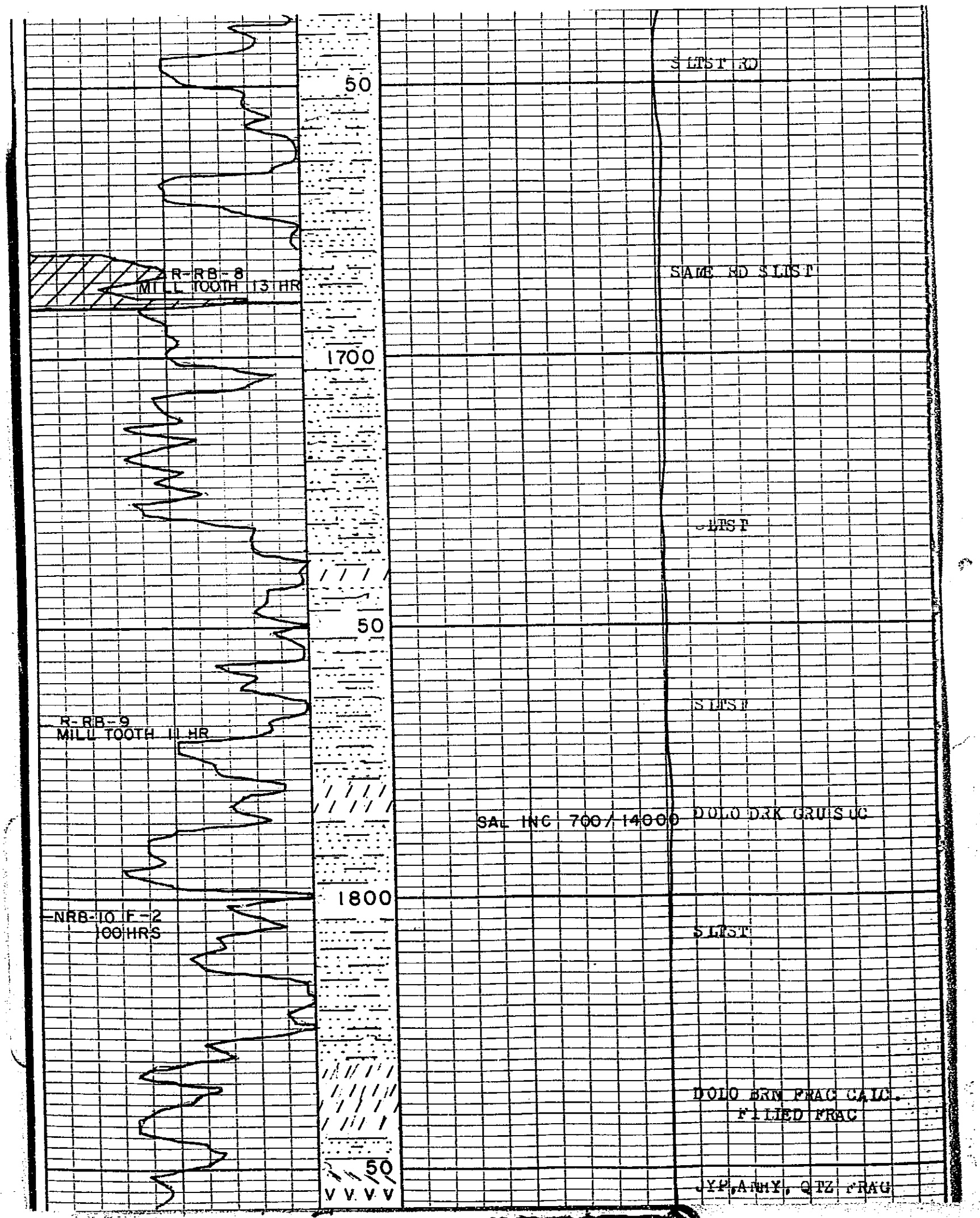

100
50
1000
50

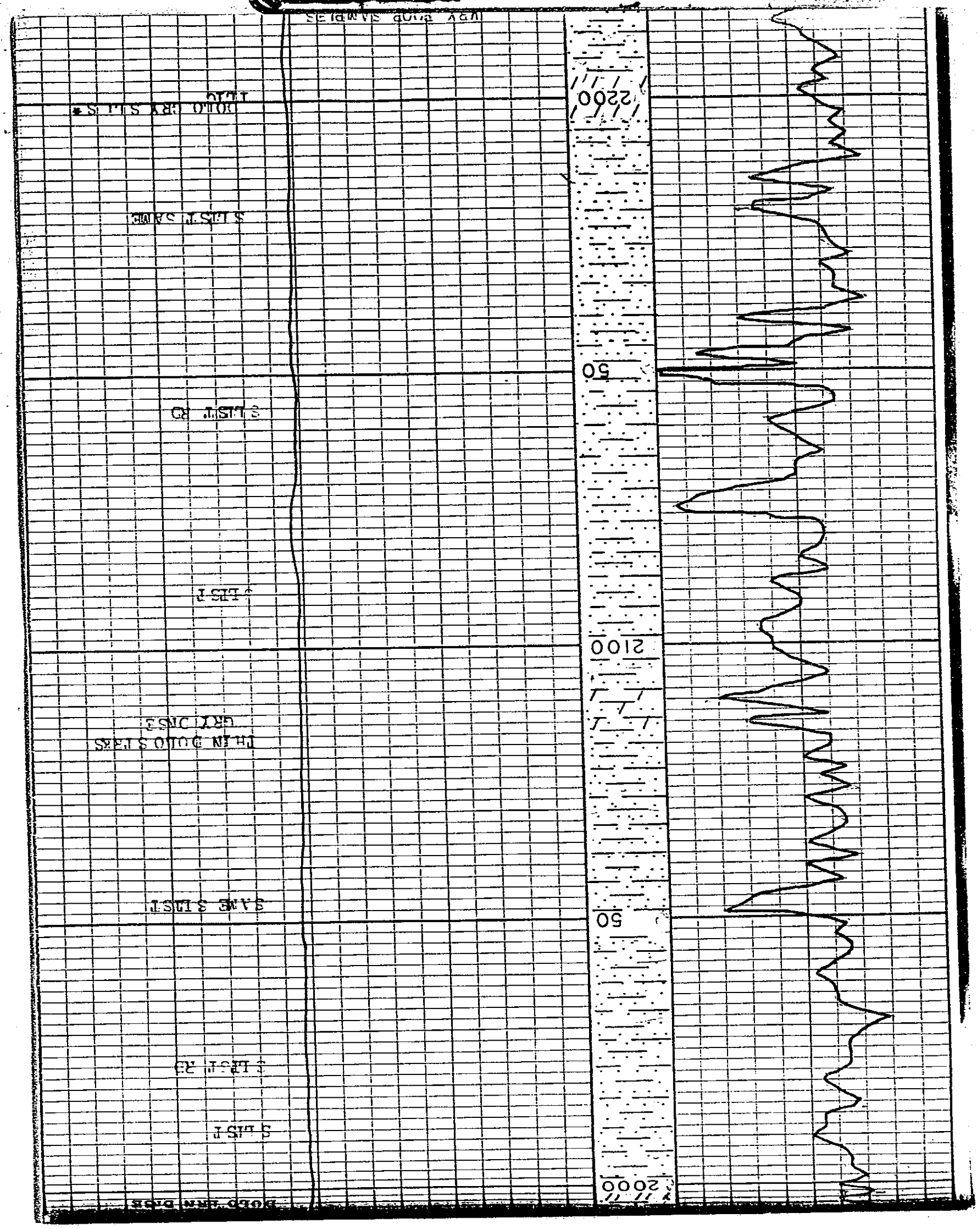

100
50
200
50
1300
NRB 3614
d-33
CASING 7"
LRGE AMT FRESH WATER
APPs 700GAL MIN
MULTI COLORED ANHY
SLTST RD
STRUS RD SH
MOSTLY RD SLTST
STKS SFT GUNY RD SH
SAME SFT RD SH RD SLTST
SS MG GLR UNCON
sltst rd strks foss DOLO
RD SH W/MG GLR SS
STRK GRY DOLO
SLTST RD
DOLO GRY DNSE
SLTST RD
SFT RD SH W/RD SLTS

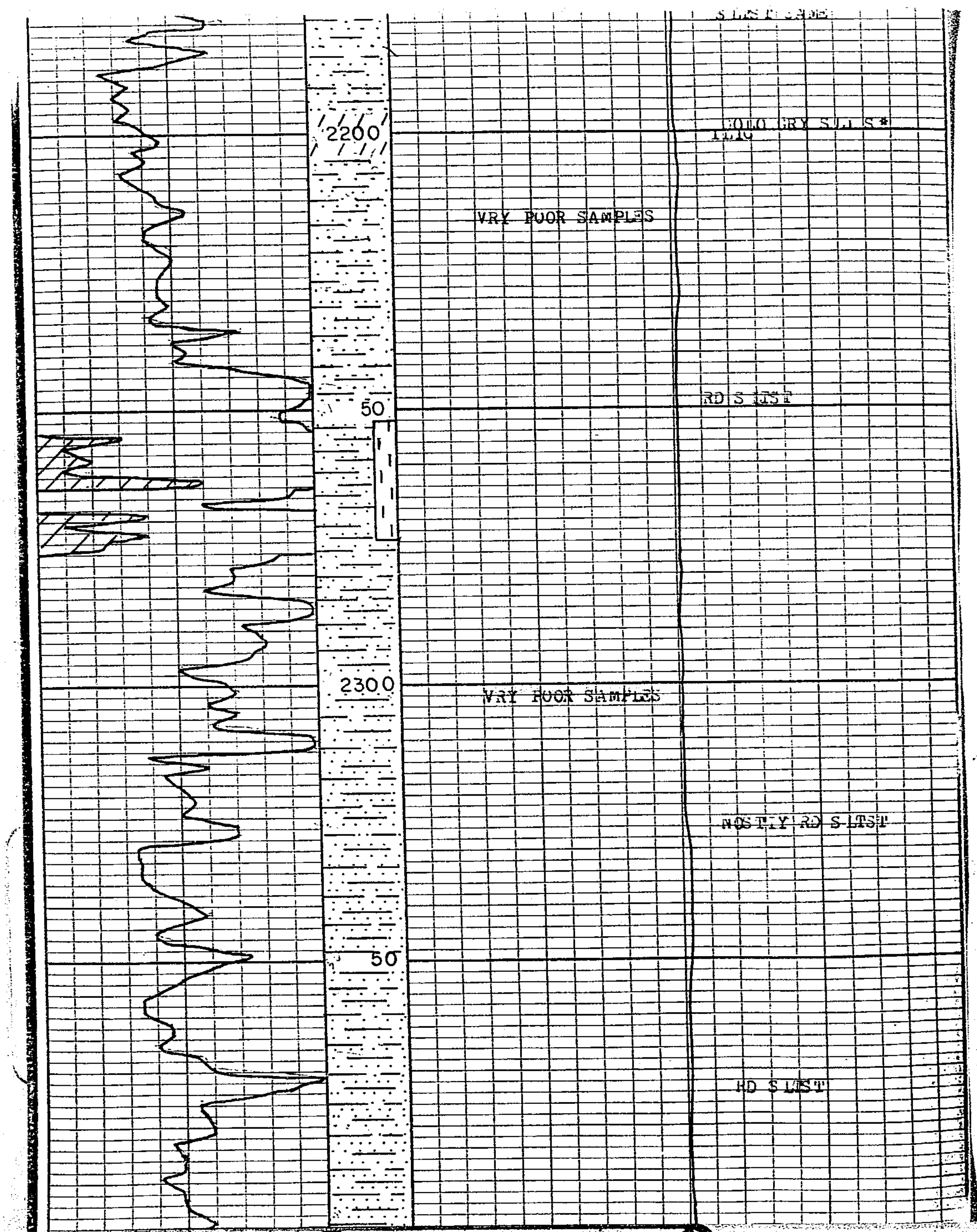

SLIST RD
1300
SFT RD SH W/RD SLTS
RD SH RD SLTL
50
Ft. Apache
LS STRKS DRK BRN TO BLK
Shows
DOLO DRK GRY SOLID DULL
YLLO FLUOR
DOLO TAN SUC
STRKS DRK GRY DNSE LS
DOLO LS STRK
SLTST RD
1400
DOLO GRY DNSE
TRS BIOTITE MICA
R-RB-6 J-33 7 H
LS CRME TO BRN DNSE
SLTST RD
50
DOLO DRK GRY
R-RB-7
F-2 39 HRS
Top
1319-47
LS LT GRY
SLTST RD
SLTST RD
1500



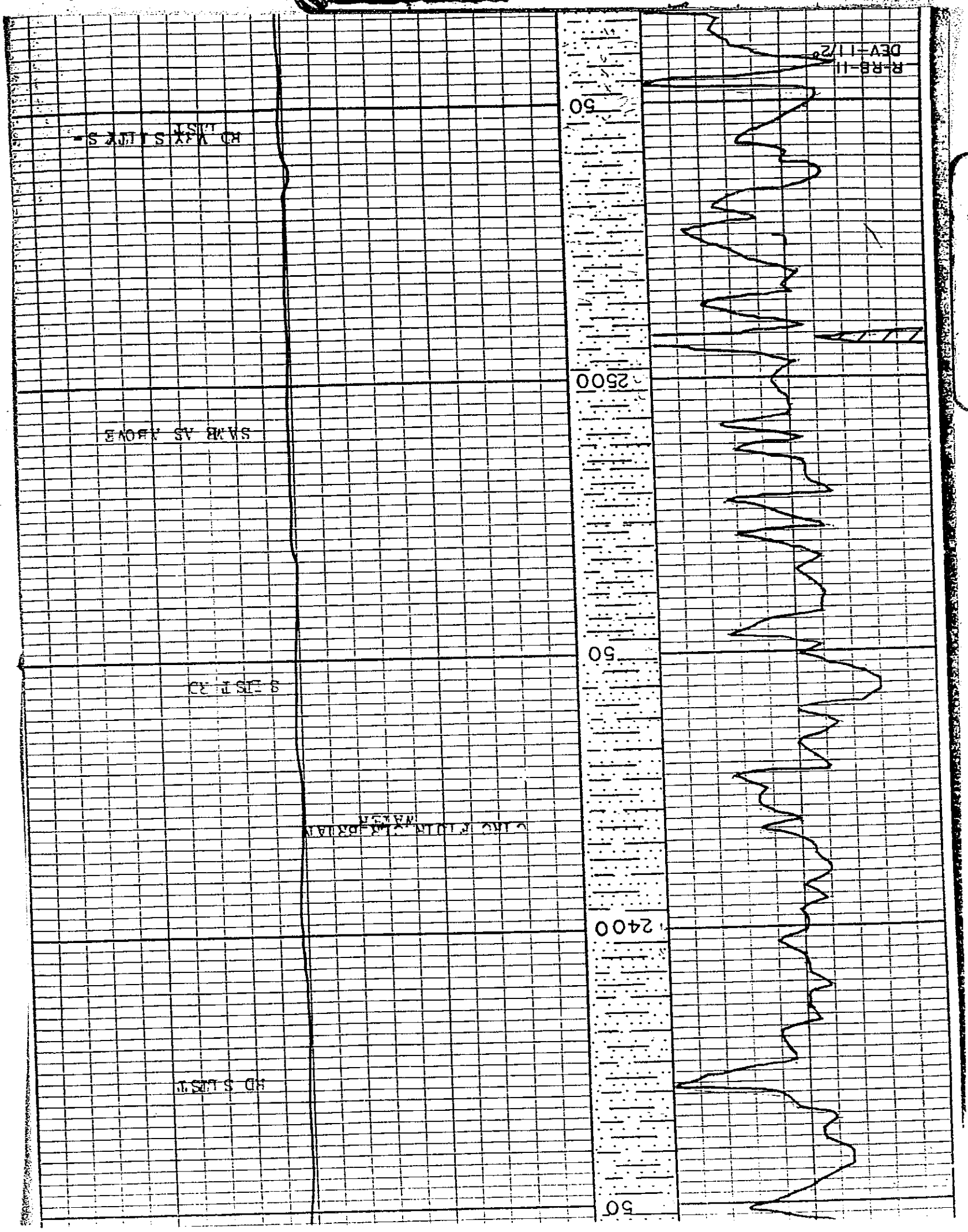
S LTST RD
1500
ANAHMULTI COLORED
S LTST
ANHY GY LT TAN
50
S LTST
RD S LTS T
1600
2 4 6 8
TRS ANHY
S LTST RD
50
R-RB-8
MILL TOOTH 13 HR
SAME RD S LTST

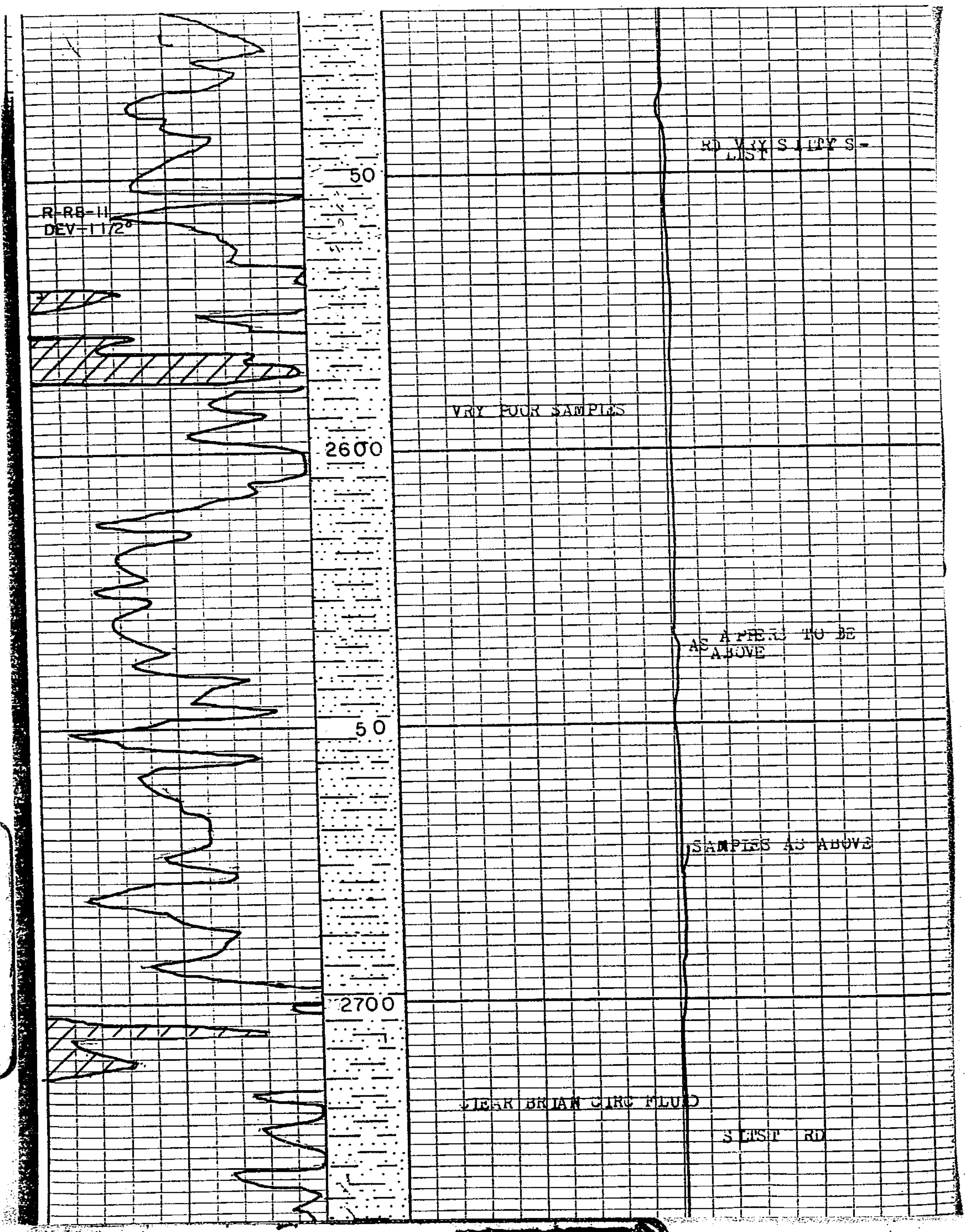

50
R-RB-8
MILL TOOTH 13 HR
1700
50
R-RB-9
MILL TOOTH 11 HR
1800
NRB-10 F-2
100 HRS
50
SLTST RD
SAME RD SLIST
LTST
SLTST
SAL INC 700/14000
DOLO DRK GRY SUC
SLTST
DOLO BRN FRAC CALC.
FILLED FRAC
YP, ANHY, QTZ FRAG


2200
50
2100
50
2000

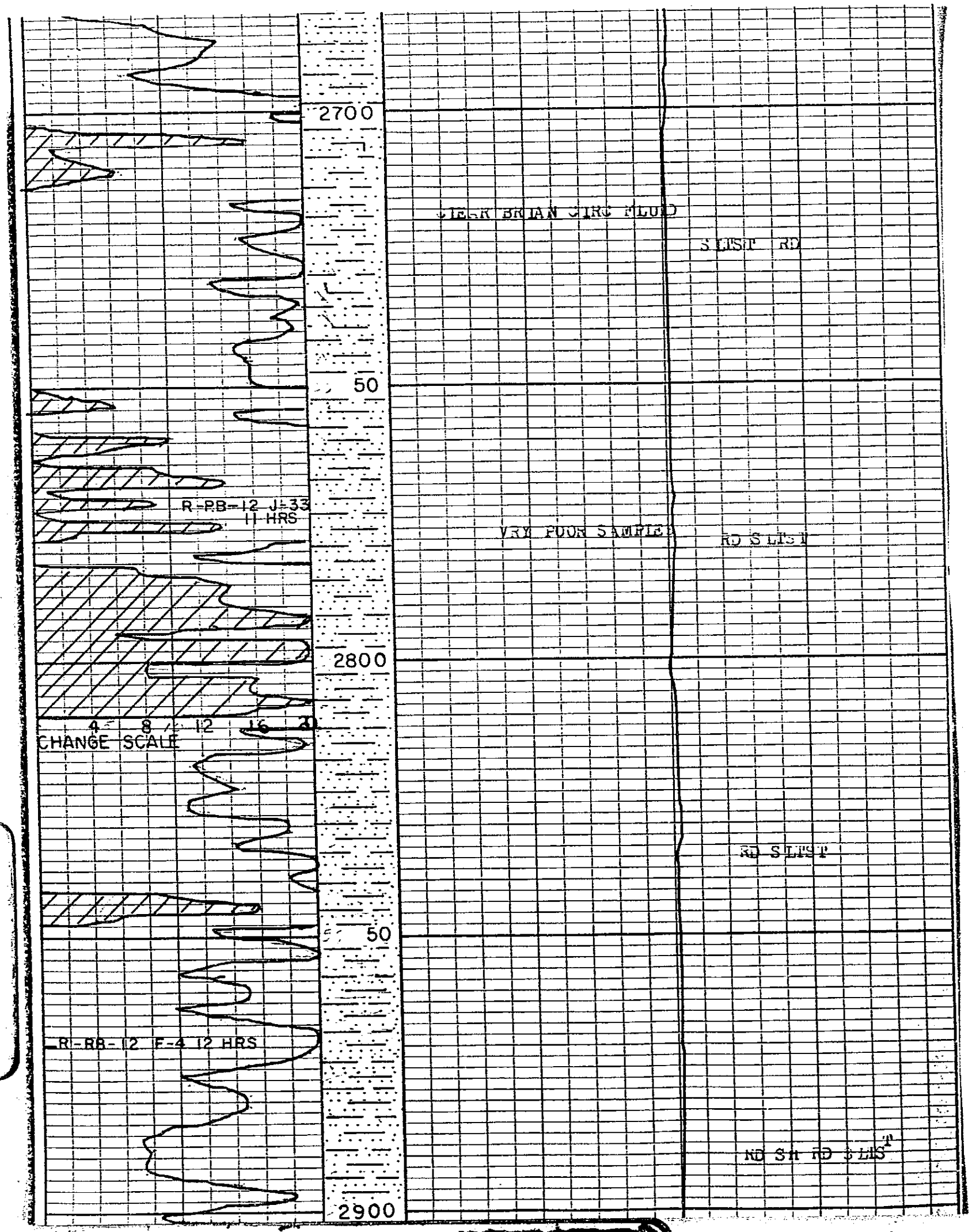


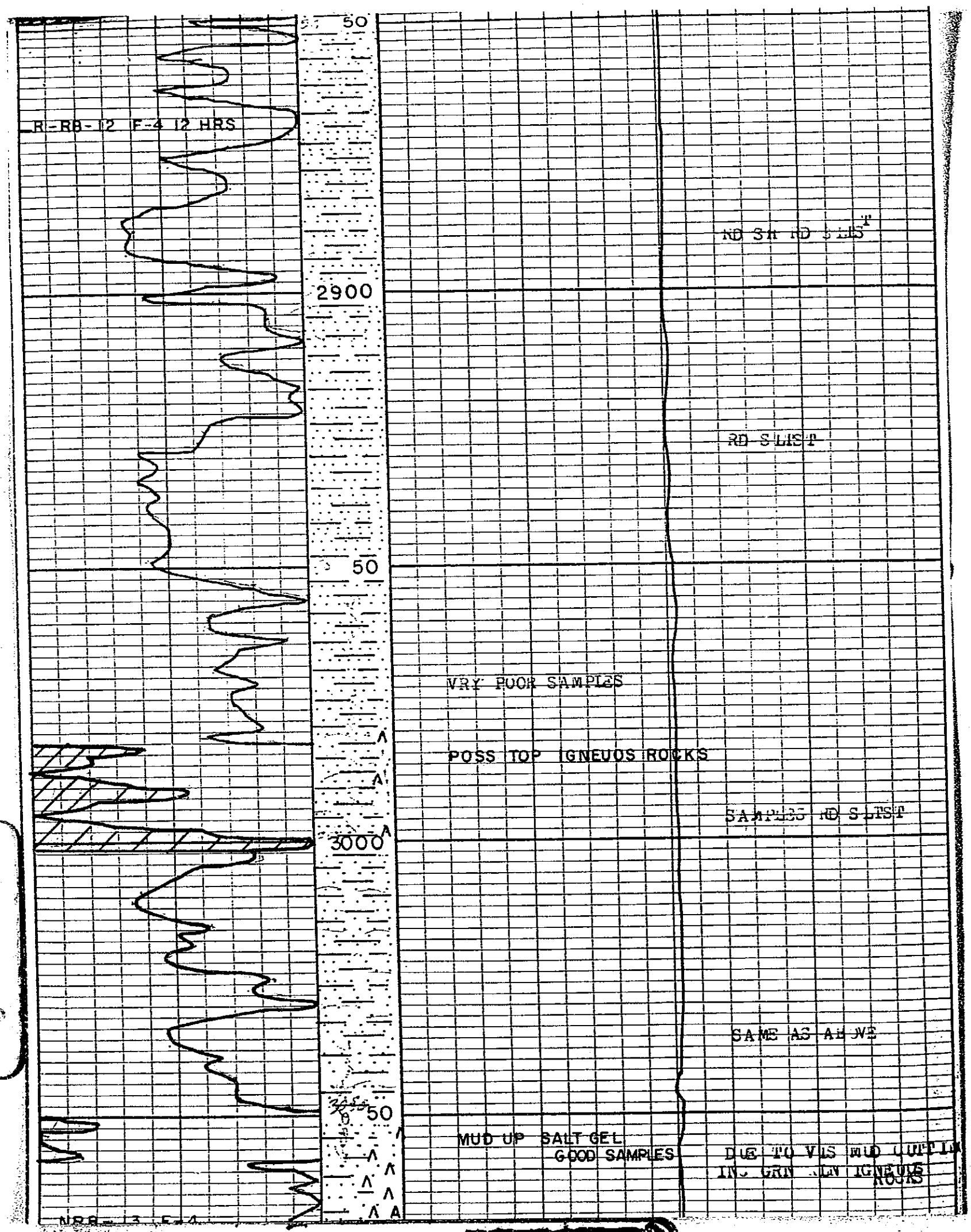
2200
VRY POOR SAMPLES
RD S LTST
50
2300
VRY POOR SAMPLES
50

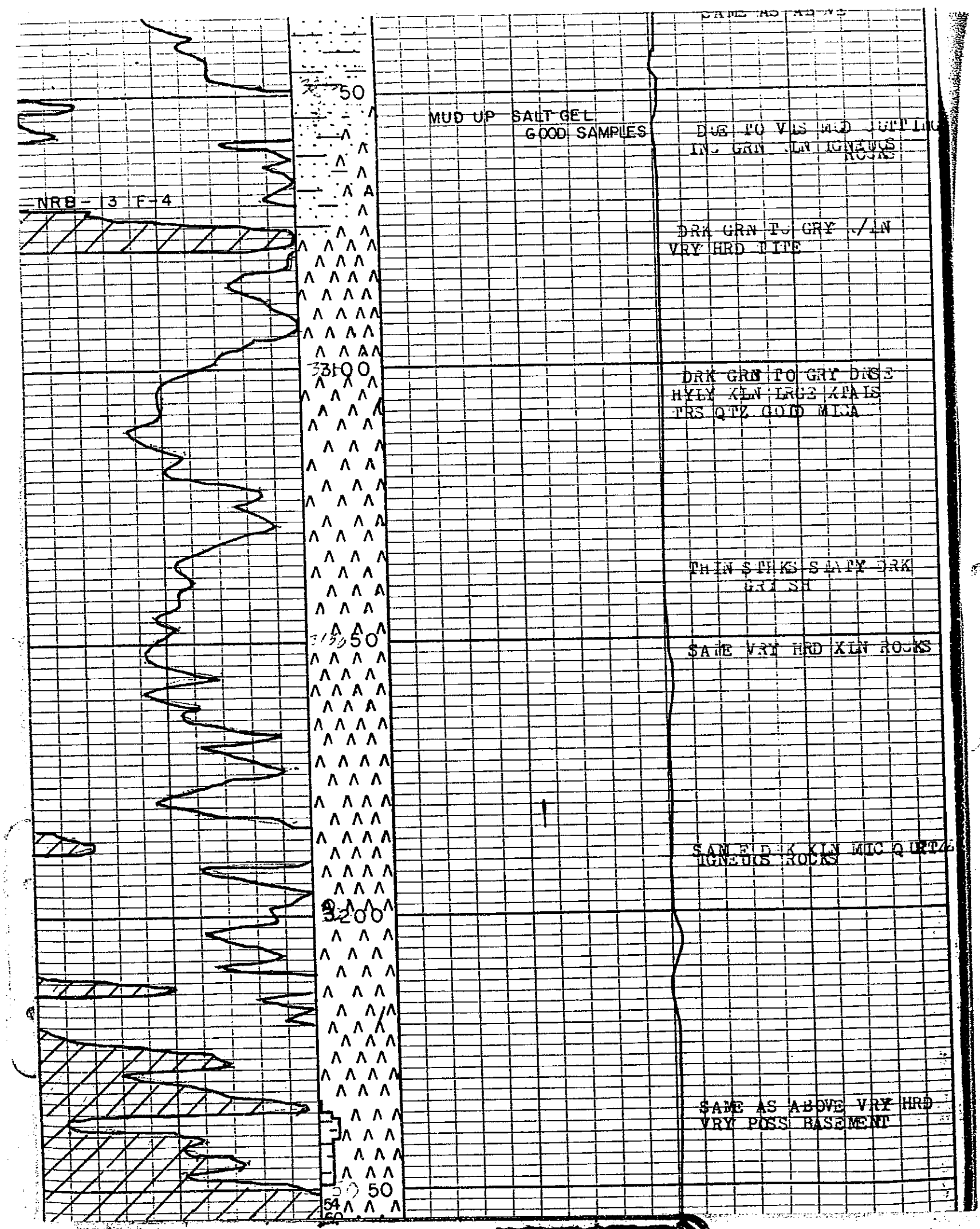

R-RB-11
DEV-11/2°
50
2500
50
2400
50

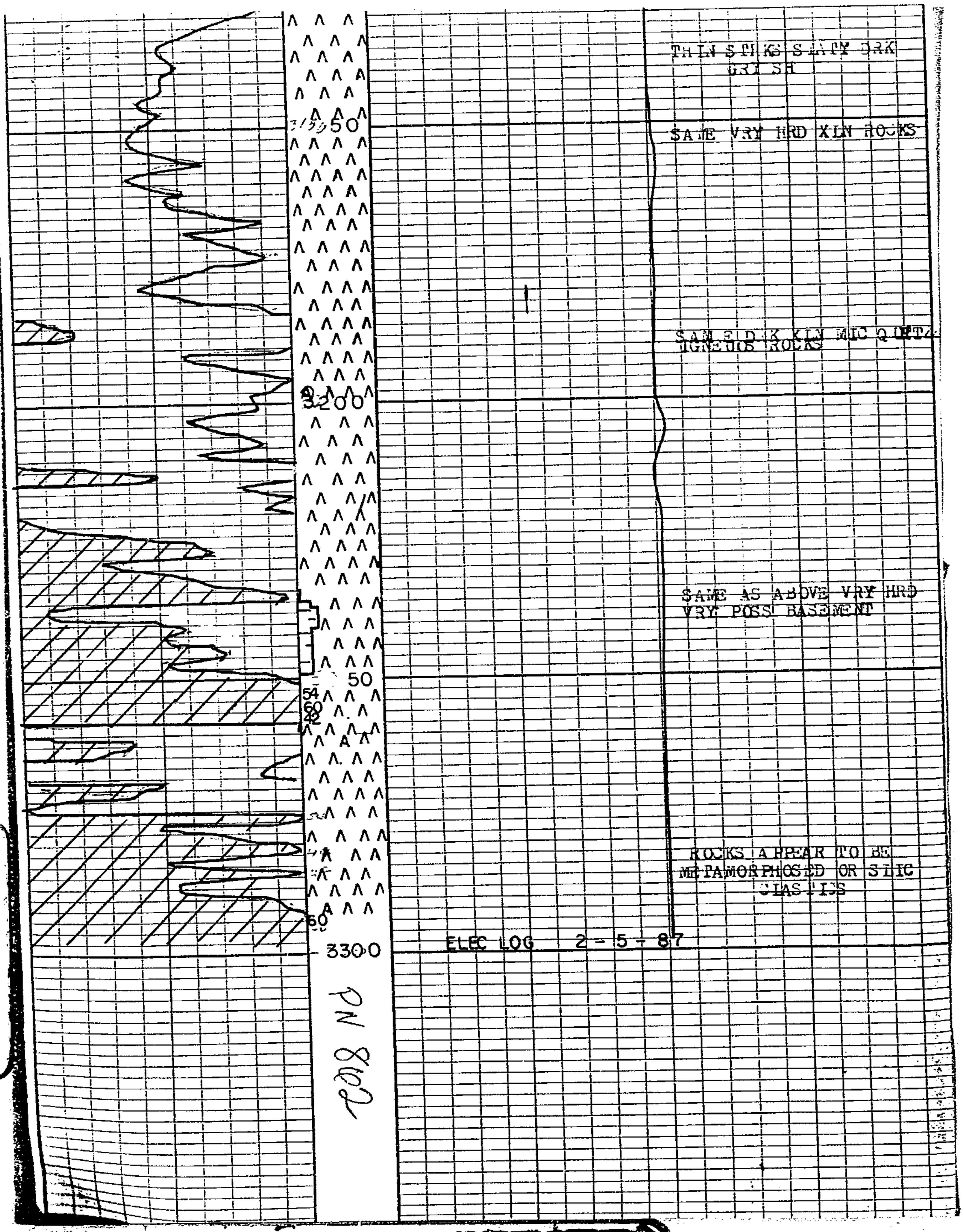


50
R-RB-11
DEV-1 1/2°
RD VRY SILTY S-
LTST
VRY POOR SAMPLES
2600
AS APPERS TO BE ABOVE
50
SAMPLES AS ABOVE
2700
CLEAR BRIAN CIRC FLUD
SLTST RD


2700
50
R-PB-12 J-33
11 HRS
2800
4 8 12 16 20
CHANGE SCALE
50
R-RB-12 F-4 12 HRS
2900
RD SLIST
VRY POOR SAMPLE
RD SLIST
RD SLIST
RD SLIST


50
R-RB-12 F-4 12 HRS
2900
50
3000
50
NO SH RD S LIS T
RD S LIS T
VRY POOR SAMPLES
POSS TOP IGNEUOS ROCKS
SAMPLES RD S LIS T
SAME AS ABOVE
MUD UP SALT GEL
GOOD SAMPLES
DUE TO VIS MUD CUTTI
INC GRN IN IGNEUS
ROCKS


SAME AS ABOVE
MUD UP SALT GEL
GOOD SAMPLES
DUE TO VIS MUD CUTTING
IN. GRN XLN IGNEOUS
ROCKS
NRB - 3 F-4
DRK GRN TO GRY XLN
VRY HRD LITE
DRK GRN TO GRY DISS
HVLY XLN LRGE XTALS
PRS QTZ GOOD MICA
THIN STKS SLTY DRK
GRY SH
SAME VRY HRD XLN ROCKS
SAME AS ABOVE VRY HRD
VRY POSS BASEMENT
3050
3100
3150
3200
3250
54
60


THIN STKS SLATY DRK
GRY SH
3150
SAME VRY HRD XLN ROCKS
SAME DK XLN MIC
IGNEOUS ROCKS
3200
SAME AS ABOVE VRY HRD
VRY POSS BASEMENT
50
54
60
42
ROCKS APPEAR TO BE
METAMORPHOSED OR SILIC
60
3300
ELEC LOG 2-5-87
PN 8602

COMBINED DRILLING VENTURES INC

OIL AND GAS PROPERTIES

APR 16 1987

April 10, 1987

R. A. Ybarra
Enforcement Director
Oil & Gas Conservation Comm.
State of Arizona
3110 N. 19th Ave., Suite 190
Phoenix, AZ 85015

Re: Well #1-B State
Sec 28 - T12N - R28E
Apache County, AZ

Dear Mr. Ybarra:

Please find enclosed the well completion report covering the above referenced well, prepared for your examination.

Also, the samples from said well have been completed and have been sent to your office.

If you should have any questions, please do not hesitate to call me at 214/458-8094. Thank you for your time and patience.

Sincerely,

Chris Agee
Landman

AGA/kr

cc: George Biggs

12801 N. CENTRAL EXPWY • SUITE 1260 • DALLAS, TEXAS 75243 • (214) 458-8094

COMBINED DRILLING VENTURES INC

OIL AND GAS PROPERTIES

March 31, 1987

Mr. R.A. Ybarra
Oil and Gas Conservation Commission
State of Arizona
3110 N. 19th Avenue, Suite 190
Phoenix, AZ 85015

RE: Well No. 1-B State
SEC28-T12n-R28e
Apache County, AZ

Dear Mr. Ybarra,

Pursuant to our telephone conversation of 3/28/87, please find enclosed the following documents for your review:

1. Sundry Notices and Reports on Wells
2. Application to Plug and Abandon
3. Plugging Record
4. Completion report
5. Dual Laterolog

As we spoke in our conversation, Combined Drilling Ventures, Inc., was under the impression that these instruments had already been sent to your office. I sincerely apologize for the delay. We are currently "double bagging" the samples and hope to get them to both your office and the universtity as soon as possible.

Hopefully this will complete our obiligations to the Oil and Gas Conservation Commission to your satisfaction. If you should have any questions, please do not hesitate to call me at 214-458-8094. Thank you for your time and consideration.

Sincerely,

Chris Agee
Landman

12801 N. CENTRAL EXPWY • SUITE 1260 • DALLAS, TEXAS 75243 • (214) 458-8094

Oil and Gas Conservation Commission
STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

April 3, 1987

Mr. Chris Agee
Combined Drilling Ventures, Inc.
12801 North Central Expressway, Suite 1260
Dallas, TX 75243

RE: Well No. 1-B State
Sec. 28, T.12N., R.28E.
Apache County, AZ

Dear Chris:

Enclosed please find copy of Form No. 4 (Well Completion Report) which was not included with your submittals on subject well.

Please fill out both sides as completely as possible and return to us, and upon receipt of same I will approve release of your bond. Thank you.

If we can be of further assistance, please let us know.

Sincerely,

R. A. Ybarra

R. A. Ybarra
Enforcement Director

Enclosure

Oil and Gas Conservation Commission
STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

March 24, 1987

Combined Drilling Ventures, Inc.
12801 North Central Expressway, Suite 1260
Dallas, Texas 75243

RE: Well No. 1-B State
Sec. 28, T.12N., R.28E.
Apache County, AZ

Gentlemen:

This letter is to remind you that all records, logs and surveys, and samples on subject well were due in this office 30 days after the completion date of February 7, 1987.

Also, the landowner cannot convert this well to a water well until your bond is released and the bond will not be released until the above requirements have been fulfilled.

Please give this matter your immediate attention.

Sincerely,

R. A. Ybarra
Enforcement Director

/kb

cc: Mr. H. Jay Platt
P.O. Box 426
St. Johns, AZ 85936

Platt's address:
P.O. Box 426
St. Johns, AZ 85936

COMBINED DRILLING VENTURES INC

OIL AND GAS PROPERTIES

RECEIVED
FEB 12 1987
O & G CONS. COMM.

February 9, 1987

Mr. Rudy Ybarra
Arizona State Oil and Gas Commission
3110 North 19th Avenue
Suite 190
Phoenix, AZ 85015

RE: State #1-B Well
SEC28-T12n-R28e
Apache County, AZ

Dear Mr. Ybarra,

Pursuant to our telephone conversation of February 9, 1987, please regard this letter as a formal request of release from the above captioned well, if all obligations have been met.

Combined Drilling Ventures, Inc., also requests a refund of the performance bond upon your granting of the release at your earliest convenience.

If you should have any questions, please do not hesititate to call me at 214-458-8094. Thank you for your time and consideration.

Sincerely,

Chris Agee
Landman

2/27/87
Called Chris to let him know that I would release "bond" after I receive paperwork on well, as well as the samples

cc: George Biggs

FEB 1987
RECEIVED
ARIZONA STATE BOARD OF ACCOUNTANCY

12801 N. CENTRAL EXPWY • SUITE 1260 - DALLAS, TEXAS [illegible] -8094